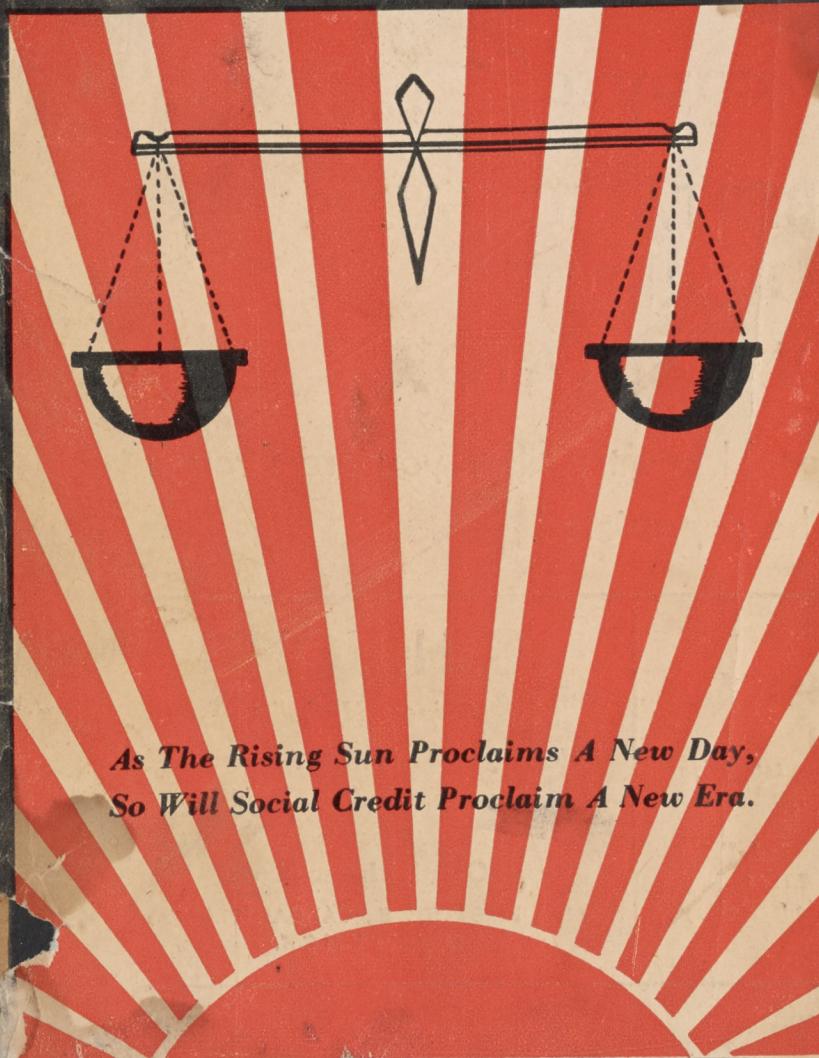


ALBERTA SOCIAL CREDIT COMMENTATOR

EDITOR HARRY KOBSTED



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ALBERTA SOCIAL CREDIT COMMENTATOR

Published by
THE MODERN PUBLICATIONS CO.

VOL. 1 December 1936 – January 1937 NO. 3

*As the rising sun proclaims the new day,
So will Social Credit proclaim a new era.*

EDITORIAL

Endeavoring to carry out the wishes of hundreds of readers to have "The Commentator" printed in the province of Alberta, being that this magazine is dedicated to Alberta Social Credit, we had made final arrangements with an Alberta printer to print this issue. At the last moment, however, certain unavoidable difficulties made it impossible for the printer to fulfill the agreement and we, therefore, found it necessary to continue having "The Commentator" printed by the old reliable company, The Garden City Press.

Having expected the magazine to be printed locally and not receiving any notice of the printer's inability to handle the job before the day set for forwarding the manuscripts to the press, we naturally did not allow for the mailing time between the two points, Quebec and Alberta, and we were caught short, so short in fact, that a delay of ten days was caused. Unless we wanted to publish two issues within a week of each other, only one other way was open to get out of the dilemma, that of combining two issues, which is what we have done and it will be noticed that this issue is for both December and January.

Only by sacrificing our December issue and combining it with January was it possible to regain regularity in the coming months. "The Commentator" will hereafter be issued on the first of each month.

We have learned a lesson through an experience that has caused us a great loss financially in that it was necessary to cancel a great deal of Christmas advertising which had been booked for the December issue.

To those advertisers who have kindly agreed to change their advertising to another issue we wish to express our thanks and are asking them and our readers to excuse the delay which it was impossible to avoid.

This issue, of course, is only counted as one and our subscribers will receive the twelve issues.

THE PUBLISHERS

* * *

New Years Greetings

To all citizens of Alberta, and especially those of the Cochrane Constituency, may I extend the seasons greetings. The year 1936 has dealt quite harshly with many in South and Central Alberta via: drought, hail etc. and consequently many farmers, and others will look back on this year as one of the worst times Alberta has ever experienced.

Man has little, if any power over the elements, but all our difficulties were not caused by the laws of Nature, but much is due to the laws of Man, and as we are long past the times of the "Medes and Persians," these laws can, and will be so adjusted by our elected representatives, to the best of their ability, that we are on the eve of happier days.

A Happy New Year is the wish of

Wm R. King

Cochrane

When Noted Authority Speaks

In a syndicated article written for the American Newspapers, Inc., and published in the "Chicago Herald and Examiner" of November the 22nd, Associate Editor of the "Ottawa Journal," Mr. M. Grattan O'Leary, whom the newspaper designates as a "noted authority of Canadian affairs," writes as follows:

"Alberta's regime under Social Premier William Aberhart threatens to become a Red regime. Until recently most Canadians have been inclined to regard Aberhart and his ministers as starry-eyed visionaries capable of little harm. They are discovering now, and with grim consequences, that they are much more than that. It is not merely that Aberhart and his confederates have again defaulted on an Alberta loan . . . It is that Alberta is being revealed as the center of experiments more akin to the doctrines of Russia's Stalin than to the monetary theories of England's Maj. Douglas."

When a Canadian editor, who is, moreover, according to a leading American newspaper, "a noted authority on Canadian affairs" writes: "Aberhart and his confederates have again defaulted on an Alberta loan," and makes no mention of the conditions and the circumstances that brought this on, his purpose can only be to persuade his readers to believe that the entire responsibility for those defaulted loans rests on the Social Credit Government of Alberta, while the truth of the matter is, as Dr. Stephen Leacock, who is by no means favorable toward the Social Credit theory, states: "Mr. Aberhart did not make the debt. The debt made him. Even before his appearance the province and its municipalities floundered in a morass of debt. It was a jig-saw puzzle that would not fit. So Mr. Aberhart smashed it."

Had this editor, "a noted authority on Canadian affairs," intended to give his readers a truthful and unbiased report on the defaulting on Alberta loans, he would not have so carefully "forgotten" to inform the reader of the fact that, because of a

wanton spending of public moneys and reckless borrowing from banks and private institutions, former governments had brought the province of Alberta to the point of bankruptcy and that the treasury was stripped clean when the present government went into power and that the people of Alberta were unable to stand the heavy taxation necessary to meet the payment of the loans, so there was nothing else a wise government could do, but default. It must not be forgotten that the province defaulted on the principals only—the bondholders are still receiving their interest.

Being prejudiced against Social Credit, the distinguished editor carefully omits these true explanations and, instead, draws a rather vague comparision between Mr. Stalin of Russia and Mr. Aberhart, without, of course, actually calling Mr. Aberhart a communist or Mr. Stalin a Social Crediter, but . . . the reader is expected to draw the hoped for conclusion. Were this "noted authority," actually to express his full knowledge of Social Credit and Communism, the reader would either be convulsed over the silliness of such a comparision or amazed at the lack of knowledge the "authority" has of both.

After decrying the different Adjustment of Debt and Cut of Interest Acts that have been passed under the Social Credit regime, this editor continues:

"No automobile manufacturer, for example, may now dare sell cars in Alberta, except for cash in advance. Further: To those who have been following Alberta's trend there are sinister signs that this legislation represents the beginning rather than the end of what Aberhart and his confederates have in mind. A half dozen acts must be read together to appreciate the true character of their program."

If the associate editor of the "Ottawa Journal" were really such a "noted authority" on Canadian affairs, he would most certainly have knowledge of the platform on which the present government of Alberta was elected and should, therefore, not act surprised over the legislation that has been passed concerning the interest cut and the settlement of old debts, nor should it appear incredible to him that the present government of Alberta, al-

though it may be the first one in the history of Canada to do so, is sincerely and conscientiously endeavoring to fulfill every one of the promises made to the people of Alberta before the election. Of course, it may be that noted authorities on inland affairs are so familiar with the idea of a government sincerely endeavoring to keep its promises to the electors, that they are completely dumfounded to see one that does and can think of nothing else to utter than "Reds." Noted authorities who are prejudiced against Social Credit are notoriously fond of using the words "red" and "communistic" in their diatribes against it, but the great majority of the people in Alberta, while they gladly admit to being Social Crediters and are proud of being classes as such, hotly resent being called "red" or "communistic," even by such a distinguished editor who is such a "noted authority on Canadian affairs." It has become custom among those who refuse to admit the soundness of the New Economics or who are incapable of understanding them, to simply call any one who is more fortunate in his outlook and in his understanding of social life a "communist" and letting it go at that.

Why the cut of interest on loans in Alberta should cause such a furore among these authorities is difficult to imagine. Surely no one can deny that prices of commodities, wages and especially yearly incomes have been greatly reduced, then why should not the rate of interest on loans be brought down in the same proportion. It was accepted as quite a matter of course for the banks to lower the interest paid on deposits, without notice, and no comment against such a proceeding was forthcoming from those very editors who have so much to say against the interest cut on loans to private individuals. Can it be that, among noted authorities on our inland affairs, it is quite proper and praiseworthy for the banks to reduce the interest on deposits, but nothing short of "communistic" when a Social Credit Government justifiably reduces private loan interest. No doubt our readers would be deeply touched and tearfully sympathetic over the loss to the money lending institutions through this cut of interest were it not for the vivid memory of the many mortgaged homes that were taken away from those who had sunk all their hope and capital in them

but could not continue to pay the exorbitant interest on the mortgage.

The threatened licensing of the press has, of course, also been brought to the attention of this "noted authority" and he continues his article:

"All this, of course, is far from Social Credit. It is in fact a social and economic revolution related closely to communism. Private property is being confiscated. While the confiscation proceeds Aberhart shakes a menacing fist at the press, threatens to license it and deprive it of its freedom. The province, in effect, is under a dictatorship. A dictatorship marching toward a socialized state."

The attempts of this "authority" to create a false impression of Alberta Social Credit are, rather pathetic. He states a truth by saying "it is in fact a social economic revolution" but hopes that the reader will misinterpret the meaning of the word revolution and form a mental picture of a bloody civil war, like the French revolution or the more recent one in Russia, and to make doubly sure that this word will be correctly misunderstood he adds "related closely to communism" so, that, even the slowest and most obtuse of his readers can visualize Social Credit as resembling the Russian revolution. The statement that Social Credit is a social and economic revolution is perfectly correct. Social Credit IS a revolt against the present system of finance, and that fact has never been denied nor is there any intention of denying it, but the allegation that it is closely related to communism is false and ridiculous, and the writer is either intending to mislead his readers deliberately or revealing his complete ignorance of both communism and Social Credit.

When this "noted authority" makes a statement like this:

"Moreover, it is generally conceded that if the legislation is permitted to stand, all financial institutions such as banks, loan companies, trust companies, insurance companies and other lending companies will be forced to take heavy losses and to discontinue business in the province."

How can the reader help but doubt that the "authority" really understands what it is all about. Social Credit aims to give the prerogative to issue, circulate and control the credit of the people back to the people and not let it remain with the privately owned banking system. Further: recalling his statement that the legislation passed is far from being Social Credit and his admission that the present banking system may have to fold up its card-houses and move out of the province to greener and better pastures, we are inclined to think that the Social Credit leaders of the province really did know what they were doing and that they are not all the tyros of finance, that the noted authorities want us to believe they are. If it is possible for the present government of the province to accomplish one of the purposes of Social Credit, with legislation that is far from Social Credit, what will they ~~not~~ be able to achieve with pure Social Credit legislation.

Another paragraph that may be worth noting is the following:

"Meanwhile, Aberhart proceeds with his plan to pay "basic dividends" to all Alberta adults. His original promise of \$25 a month, however, has been whittled down to \$5 or \$10 a month with eligibility to receive payments contingent upon the recipients signing "covenants" with the government, the "covenants" involving the signing away of the individual liberties. Only those supporting Social Credit (which means voting for the Aberhart Government) will be entitled to dividends."

This paragraph is as neat a piece of flagrant misrepresentation as has ever been made of Social Credit in Alberta. How many of those who signed the covenant have signed away any of their liberties as individuals? And does this editor really think or does he insinuate that it is possible to find out how each person voted in Alberta, with the secret ballot system being used even this far west, or is his remark that, only those voting for the Aberhart Government will be entitled to dividends, just another one of his childish observations?

Does an editor who is classed as a "noted authority on Canadian affairs" consider that the freedom of the press is something that permits such crude misrepresentations as: "Private property is being confiscated," and, "means only those who voted for the Aberhart Government will receive dividends?"

Of special interest to the people of Alberta is the following:

"To date the financial and business institutions with interest in Alberta have been taking a passive attitude, hoping that the agitation would burn itself out. Faced, however, with financial losses, and fearful lest the Aberhart doctrines may sweep the adjacent provinces of Saskatchewan and Manitoba (a by no means remote possibility) they are now organizing to contest the legislation in the courts. In the opinion of the highest constitutional authorities Aberhart's are constitutionally invalid."

This is rather a great mouthful even for a "noted authority" and we should think that being an authority himself the editor would give another "highest" authority its dues and would state who is this "highest" authority. The highest constitutional authority is without any doubt the court empowered to make such vital decisions and it is hardly possible that any court will commit such an indiscretion as to give its opinion before being approached legally.

That the financial interests cannot be expected to give up their great profits in the Province of Alberta without a struggle is a fact that both the government and the people behind the government are aware of, but it remains to be seen if the Dominion, though it may have the power to disallow provincial legislation which encroaches on the rights of the Dominion has the power to enforce this disallowance, when the citizens of the province want such legislation.

When the last provincial election in Manitoba was called with such short notice, as was the case, most of the political parties in opposition and especially the Social Credit party were caught quite unprepared and the result was not the best it could be. De-

terminated that no such thing shall happen in the coming provincial election in British Columbia, the Social Credit League of that province has already declared that a Social Credit candidate will be nominated for each of the forty three constituencies and at a recent meeting the first eleven of the candidates were nominated. The rest of candidates will be nominated shortly. We are bringing here the names of the nominated candidates, the constituencies they will contest and the name of the present members representing these Constituencies:

Constituency:	Social Credit Candidate:	Present Member
Vancouver North	A. Harvey Smith	Mrs. D. Steeves
Vancouver East	C. W. Powell	John Price
Vancouver Point Grey	A. D. Creer	Hon. George M. Weir
	R. M. Millar	Robert Wilkinson
	William Savage	Stanley S. McKeen
Vancouver Centre	Dr. R. H. Smith	Hon. G. McGregor Sloan
	Paul McD Kerr	G. Sylvester Wismer
Vancouver Burrard ...	P. V. Paynter	Mrs. Helen Smith
	W. R. Hamilton	John H. Forester
Kaslo-Slocan	A. J. Harrison	Charles S. Leary
Nelson-Creston	Herbert L. Howe	Frank Putnam



Drought Area Relief Policies in Alberta

By Hon. W. N. Chant, Minister of Agriculture, Alberta

Alberta, in common with the other prairie provinces of Western Canada, has had its visitations of drought in intermittent seasons since its earliest days of farming. As more and more of the south and mid-eastern area has come under cultivation its dry area problem has proportionately increased. The effects of drought during the past crop season were more widespread than usual, being felt in the greater portion of the country from Calgary south, and running north east to include the Provost district. The area is more or less triangular shaped, running northward along the eastern border a distance of some 240 miles and westward to the international boundary about 150 miles. As has been the case in former dry years, that portion from Medicine Hat north to Hanna and Youngstown has suffered most severely, almost complete failure having sustained in this section. To the west and north some small crop was harvested. In the entire dry district, the great problem is a serious shortage of both feed for all classes of live stock.

Toward the end of the summer, when the extent of crop failure could be accurately estimated, the prairie provinces conferred with the Federal Government as to ways and means of meeting the drought emergencies. Agricultural relief policies of the past have largely been carried on through the combined efforts of the Federal and Provincial Governments, with, in the case of transportation, the co-operation of the railways. Similar arrangements are again in effect this year following an intensive study of the problem by Governments, railways, packing houses, live stock associations and other interested agencies.

The wisest action obviously was the removal of stock out to feed or to market, rather than shipping enormous quantities of feed at large expense into the areas. Certain numbers of cattle, horses, sheep and swine, of course are necessary on the farms for

power and foundation stock, and the necessity for supplying sufficient feed for these was recognized. Following is a brief outline of the main government policies now effective:—

Purchase of low grade cattle

There are large numbers of thin, low grade cattle in the dry districts not fit to ship out as stockers and feeders. In order to realize as much return as possible to the farmer for these, an agreement was entered into including the provincial and federal governments and the packing plants, whereby such cattle may be shipped to the plants for processing into boneless beef and tankage, net return to the farmer being one cent per pound of cars at the plants. Field men of the provincial department of agriculture arrange all details with regard to shipping and anyone wishing to ship contacts the fieldman of his district, shipments may be made up to December 31st. Cost of transportation is borne equally by the Federal and Provincial Governments and the Railways. Total head shipped out to the plants to November the 14th was 10,061.

Free freight on cattle and sheep to feeding points

Freight on stocker and feeder cattle and on sheep is shared equally by the Federal and the Provincial Governments and the Railways, when shipped from drought districts to points within the province for winter feeding. Provision is made for the return of such stock in the spring to original point of shipment. Application must be made to the office of the Live Stock Commissioner, Department of Agriculture, Edmonton, and necessary instructions and forms will be supplied. Up to November the 14th, 334 cars of cattle had been moved, and movement of sheep was commencing. Shipments may be made to December the 31st.

Dominion Government feeder freight policy

In addition to the Provincial policies mentioned above, the Federal Department of Agriculture is assisting in the movement of car load lots of feeder cattle two years old and under, and female dairy cattle under five years purchased in the drought

districts for shipment to other points in Canada, by contributing one half of the freight charges on such stock. The stock must be retained by the purchaser for a period of not less than three months and the Federal contribution is made by refund after that period. This policy is directly under the control of the Federal Government. Full information being obtainable from Mr. Jack Byers, Manager, Western Stock Growers' Association, Michael Building Calgary. Large number of stockers and feeders have already moved to eastern Canada under this arrangement.

Relief feed policy

For the maintenance of a reasonable number of foundation farm stock, feed grain and long feed is now going to the drought districts in considerable quantity. Quantities available to individual farmers are limited to their minimum needs, and security is taken in the form of a lien on next season's crop and may be placed on the stock also. In those districts where crop failure is most severe, the immediate costs are met by the Federal Government alone. In the less afflicted districts, the Provincial Government is meeting the immediate cost in the case of farmers resident in local improvement districts, whereas in organized districts, the municipal council make any necessary purchase of supplies. In all cases when applicants for relief feed are residents in a municipal district, application must be made to the Secretary-Treasurer of the district. In unorganized districts applications are taken by the district fieldmen representing the Provincial Department of Agriculture. As already mentioned, relief feed will be supplied only to the extent necessary to winter stock that must be kept on the farm. The railways co-operate in the movement of relief feed by reduction of one third of the regular tariff.

Seed Relief Policy

Seed relief has been provided in drought stricken districts in previous years under regulation somewhat similar to those governing feed relief. It is anticipated that in addition to the assistance

provided for in the cattle and feed policies above, some seed relief may be imperative next spring. The Provincial Government is not in a position to make an announcement in this connection at the present time. If a seed relief policy is adopted, those entitled to secure supplies through it will be advised in good time before spring seeding.

In the foregoing we have endeavored to set out briefly the various government policies coming under the jurisdiction of the Department of Agriculture that are designed to alleviate distress occasioned by crop failure and feed shortage in the drought districts of our Province. No mention has been made of direct relief such as food, clothing, fuel, etc., relief of this nature being administered separately through the Provincial Department of Public Health. Persons desiring further information as to details of policies relating to movement of stock and to feed supplies, may obtain same by writing directly to the Department of Agriculture, Parliament Buildings, Edmonton, Alberta.

A cursive signature in black ink, appearing to read "W.H. Chant".

Minister of Agriculture Province of Alberta

At this time it gives me great pleasure to wish the electors of the Didsbury Constituency health, happiness and contentment during these trying times.

A cursive signature in black ink, appearing to read "E.P. Foster".

Three Hills

The Stand of Social Credit in Manitoba

*By Dr. Stanley W. Fox, M.L.A., Leader of Social Credit in
Manitoba*

We, the five members of the Legislative Assembly of Manitoba who are representing Social Credit, feel the interest with which the people of Canada are following the political situation here in our province, through the many letters of inquiry, we have and are still receiving, and I shall endeavor as briefly as possible in this article to explain the course that was taken and why we took such a course.

In order to appreciate the state of affairs we must look back to pre-election days. At that time we did not have enough candidates to form a government even though they had all been elected. Consequently, we pointed out the advantages of having the balance of power and the benefits of having some Social Credit members in the House. With a goodly number of members we could push for monetary reforms while waiting on Alberta; meanwhile we could become acquainted with the manner in which the government is carried on, thus acquiring information which would enable us to deal with the needs of the hour of arrival of Social Credit.

As you know the result of the election was indecisive. A compromise was necessary if a deadlock in the house was to be avoided. If we had allied ourselves with the opposition another election would have been the inevitable result; and it was obvious that the public did not want another election. Besides, an election would have cost the province \$150,000.00 and we had no assurance that such an election at such a cost would be any benefit to the public. In the event of another election being held, unless a new issue had been brought up which would have divided the voters in our favor, it was altogether likely that the result would be a mixture of figures similar to those we already had. Any one party, to obtain a majority, must win more seats than all the other parties put together. In another immediate election if we could not hope

to secure a majority it was our duty to the people of Manitoba to avoid an election that would probably have only duplicated, more or less closely, the relative strength of the different parties of the House.

I believe therefore, that the course we have taken deserves the approval of all fairminded people. As matters stand we hold the balance of power. In this advantageous position we can largely influence legislation and work effectually for the salvation of the credit of the province. We have decided to co-operate with the government for the sake of stability for the present, until Alberta has been given time to demonstrate the Social Credit system. By helping to form a stable government in this province will make it clear that we are not, danger-radicals but rather a group of people who recognize the need of financial reform.

Some of our friends were shocked at the decision we made. We were severely criticized. If on the other hand, we had done nothing, just to avoid criticism, and another election had resulted from our failure to support the government, and if in that election we had lost the balance of power then we could have deserved criticism for not doing the very thing we have done to maintain this unique position. Criticism that has been levelled against our decision came from people who claim they voted for Social Credit and not getting it. Surely these critics are not thinking or they would realize that five members could not form a government by themselves to inaugurate Social Credit. I may mention here that we have been accused of seeking cabinet positions. That accusation is unjust. I want to make it clear that what we are after is legislation favorable to Social Credit rather than personal aggrandizement. Let me repeat that the arrangement we have made is only a temporary one to allow Alberta time to demonstrate Social Credit. We have retained our identity and independence. No doubt we will be called upon to make concessions to the government but in return we expect to receive certain concessions which will lay the foundation for Social Credit in Manitoba.

It will be recalled, that there are seven points in the platform upon which we were elected. The first two points deal with the

necessity of an economical administration of provincial affairs and refunding at lower rate of interest. These points are included in the Government Manifesto and we fully expect that they will be carried out in practice. What is called for in the last four points we do not expect to see made effective under the present economic system; for these points deal with: the registration of citizens, the basic dividend, a just price and a fair wage, and a new deal to youth by means of the basic dividend. The third point deals with the setting up of the provincial credit account. This we propose to do immediately, for already we are planning an economic survey of the real and potential wealth of the province. If we were going to institute Social Credit tomorrow, a survey of our economic resources would first be necessary. Consequently, in making such a survey we are laying the foundation upon which Social Credit might be established in Manitoba in a very short time.

I am sure you will realize that for a group of only five members, we are furthering to the utmost the cause of Social Credit. Time is on our side. Economic and financial development all over the world is preparing the way for far reaching monetary reforms. We are in the van of this great progressive movement. The stagnation of our goods and services from which society now suffers must give place to wiser, saner, and more just economic arrangements for distribution. Purchasing power must be put into the hands of the people if there is to be a return of prosperity. The basic dividend called for by Social Credit is this purchasing power. We are satisfied that we have found a remedy for society's economic ills. We are working on the side of progress toward a better standard of living. We are moving hand in hand with human hope. As time goes on our forces will be strengthened; and with every passing day and every new recruit to our cause we shall come nearer to Social Credit as a creator of prosperity among our people.

Dr. S. W. Fox.

Alberta Credit and a New Democracy

By A. V. Bourcier, M. L. A.

Some say that democracy has failed. Such a statement is the favorite of the radical mind that finds it requires less mental effort to advocate the destruction of all, good or bad, that has been built up through centuries of painful experience, than it does to analyse the problem and perpetuate that which is good and eliminate that which is bad. The intelligent student of history will admit that true democracy has never been a reality, though we have progressed far in that direction. Democracy is an ideal, difficult of attainment.

Democracy implies liberty, and we can measure how near we are to the achievement of true democracy by the amount of liberty we now enjoy. We must admit that here in Canada, under the British flag, we enjoy more liberty than would be possible under any other flag. Centuries of bitter struggle have gained for the British people, liberty of conscience, personal liberty and political liberty. We have not yet achieved economic liberty; we are still economic slaves. We must still bow down in abject submission to the dictates of those who control money and credit. Through their control of money and credit the financiers may if they wish curtail personal and political liberty. After six years of unnecessary depression the people of Alberta found that they could not become accustomed to going hungry and naked, with food and clothing staring them in the face. They have decided to throw their hats—while they still have hats—into the ring and assume the control of their own credit. By so doing Alberta may attain her economic majority, and establish a New Democracy wherein individual liberty and security may be restricted only by the individual's abuse of his privilege.

The past fifteen months have witnessed giant strides in the direction of economic liberty in the Province of Alberta. Representatives of the people, pledged to a policy of economic reform have been elected to office. Enabling Social Credit legislation

has been enacted. The citizens of the province has been registered. We are on the eve of opening the Alberta Credit House and issuing Alberta Credit. Without question the most critical period in the struggle for economic liberty is at hand, for in the few weeks following the opening of the Credit House it is to be expected that the force opposed to economic liberty and security for all the people, will assail the Social Credit forces with redoubled vigor, venom and ferocity. A final attempt will be made to destroy the confidence of the people and the most effective weapon the people can employ is a sound knowledge of the nature and function of Alberta Credit.

Credit is Confidence

We, in Alberta, who are attempting to establish the New Democracy must recognize the importance of confidence, for without this intangible ingredient, all our plans are doomed to failure. Alexander, Caesar and Napoleon built empires upon confidence, — confidence in themselves, and the confidence they instilled in the hearts of their followers.

Almost daily we are asked the question,—What is Alberta Credit? Some believe it is another and larger issue of Prosperity Certificates. Some think it is a new kind of money or currency, while others are frankly mystified and imagine it will manifest itself in some strange or monstrous form. There is no need for the mystery that surrounds the term Alberta Credit, for it is merely a new term coined to express a new conception of something as old as the history of mankind. We might discover a new and unnamed lake, and call it Lake Emerald, but call the lake what you will, it is still just water.

In order to understand the meaning of the term Alberta Credit, it is essential, that, first of all we grasp the full significance of the term credit—a term whose meaning is still vague to the average man. He feels that if you will reach down deep into your pocket and bring forth a handful of credit, he can then examine it carefully and satisfy himself as to its true nature without further explanation from you, but this cannot be done because credit

is not a tangible substance. Neither fear nor courage are tangible substances, but they are nevertheless potent forces in life.

Credit has been classified and names given to the various kinds. We have heard of financial credit, social credit, real credit, national credit, personal credit, and now Alberta Credit. In reality there is only one kind of credit. Credit is just that and nothing more. All the so-called varieties of credit have their uses. It is the abuses of credit and the selfish, ruthless exercise of the financier's monopoly of credit to serve his own ends, that are the underlying causes of our economic ills.

A farmer, long established in a district, and having an abundance of food and other necessities on hand, advances a sufficient amount of food and other necessities to a new settler in the district, thus enabling the new settler to raise a crop, return the advance of food and other necessities to the farmer and have a surplus left for himself.

What the farmer actually advances was the new settler's real credit, and it can readily be seen that benefits were experienced not only by the new settler but by every member of the community. The farmer advanced credit to the new settler because he had *confidence* in the new settler and in his ability to produce new wealth. Credit then, is a demonstration of Confidence. Credit is the confidence that one man has in another; it is the confidence that an individual or an association of individuals has in another individual or association of individuals. Credit is the confidence that an individual or association of individuals will deliver the goods, that is, produce goods or give services.

Confidence and Bank Credit

As far back as we can remember we have used financial credit; the kind of credit that banks issue. We have never asked: What is financial credit? and we have never refused to use it until our question was answered. Instead we have sought financial credit and used it without question, though in so doing we were deliver-

ing ourselves and our children into bondage. We used bank credit because we had confidence in it. We were justified in the confidence we had because the banks were issuing our own real credit and charging us a prohibitive price for the use of something we already owned. The banks in this respect are like the tramp who borrowed a hen from a hen house at the rear of a residence, and walked around to the front door of the house and proceeded to sell the hen at a bargain price to the owner. It can be demonstrated that the banks issue credit far in excess of their real assets and deposits.

Financial credit is just another name for Alberta Credit. Bank Credit is Alberta Credit issued by a bank. There are several reasons why the agency issuing credit should be controlled by the people:

1. Banks do not issue credit when and where required for the good of all the people, but when and where it will bring handsome profits to themselves.
2. Banks have assumed the power to issue something they do not possess, in the form of figures in the ledgers, and they demand that a claim for goods equal to the amount of the figures be returned to them plus a high rate of interest.
3. Banks create the principal of a loan and put it into circulation but never create the interest. It becomes a physical impossibility for all debtors to pay all loans.

It is evident that the remedy is state control of credit and the abolishing of interest.

Alberta can deliver the goods

When credit is issued to the individual or to a small group of individuals, there is always the danger that through misfortune or dishonesty, they may not deliver the goods. But Alberta has always been able to deliver the goods, though in the past she has been forced to deliver them to the financier, for the financier

controls the credit and therefore controls the goods. The financier dictates the price the producer will receive for his goods, and the financier also dictates the price he shall pay for the finished article, and all the while he pulls the strings that cause fluctuations in the money market, enabling him to reserve the cream for himself and returning with reluctance to the people just sufficient purchasing power to buy the thin, watery, skim milk of production.

The time is at hand when the people of Alberta will control their own credit through their own Credit House, and incidentally control the goods they produce and deliver the goods to themselves. Alberta has proven that she can, in any one year, produce more than enough to feed, clothe and shelter her people. Alberta has therefore unlimited real credit. Confidence in certain individuals may be misplaced but we may be assured that we can make no mistake in placing confidence in the people of Alberta as a whole. If we ever lose confidence in the people of Alberta, then all is lost.

The Margin Of Safety

In the illustration we used above, we saw that before the farmer could advance credit to the new settler, it was necessary for the farmer to have a surplus of goods and confidence in the new settler. Before we issue Alberta Credit, we must also, as a province, have a surplus of goods and confidence in the people of Alberta. We have the surplus of goods and our confidence in the people goes without question. It but remains to open the Credit House and start the ball rolling. But before opening the doors of the Credit House to the public there is one question we must answer. How much credit can the Credit House issue? The Credit House must be limited in some way. It cannot issue credit in unlimited quantities and a line must be drawn somewhere.

Before issuing credit the Credit House must first determine the amount of goods that will be available for credit. Otherwise those accepting Alberta Credit will be in the same position as the man stranded upon a barren island with his pockets full of gold coins. For every dollar of credit issued there must be a dollars worth of goods that that dollar may buy. It will take a long time

to reach the margin of safety because we will move carefully at first, issuing far less credit than there is available goods and gradually increasing the amount until we approach the equation of consumption and production.

The Credit Machine

Let us visualize the Credit House, ready to open its doors to the public. In addition to the usual office equipment we will have two ledgers. One is labelled the *loan ledger*. In this ledger we will enter the amount of the loans we make to individuals, farmers, retailers and others. The receiver of a loan will also be given a pass book and a book of blank non-negotiable certificates, which he may fill out and sign, much in the same manner as a bank-cheque, and through the use of these certificates goods may be bought and wages paid. As payments are made in this way to different persons, they in turn will deposit them in the Credit House and the amount of their deposits will be entered into the second ledger, labelled the *Deposit Ledger*. The amounts so deposited will be added to the account of the depositor and subtracted from the account of the person who made out the certificate.

Let us suppose that the individual who received the credit loan has been able with the assistance of the loan to produce new wealth exceeding in value the amount of the loan. He is now able to repay the loan and have a surplus. When he repays the loan it is cancelled in the Loan Ledger, through the amount of the loan still remains in other accounts in the Credit House. It can easily be understood that the issue of credit makes possible the exchange of goods and services and at the same time stimulates further production. If the services outlined above are performed by the Credit House, that alone will warrant their establishment. The evils of the privately controlled banking system will be corrected at once, for the Credit House will have the power to issue credit when and where needed for the good of the people of the province. It will be impossible for a load of interest to accumulate upon loans. The Credit House will not be operated for the benefit of a

few favored mortals. The Credit House will stimulate the production and consumption of Alberta made goods.

The foregoing simple exposition of the nature of Alberta Credit and the facilities that will be provided by the Credit House, does not take into consideration the dividend or the price discount. It is not within the scope of this article to consider these two added functions of the Credit House. Enough has been said to show the intelligent reader that the dividend and the price discount are further issues of Alberta Credit, and that Alberta Credit is not a new issue of currency or another issue of Prosperity Certificates. Moreover Alberta Credit is not intended to replace and will not in any way conflict with Dominion currency. Alberta Credit is the real credit of the people of Alberta and every dollar of Alberta Credit will represent real goods produced in Alberta, and be exchangeable for these goods. The use of Alberta Credit will ensure distribution of Alberta production and thus enable the people to increase production with every issue of credit. Each increase in wealth will make necessary an increase in the issue of credit and in turn each issue of credit will stimulate a still further increase in production. The process will be cumulative and without limit.

Victory or Defeat

We are all familiar with the nursery-rhyme that begins with, "For want of a nail the shoe was lost," and ends by proving that the battle was lost all for the want of a nail. It is not likely that the people of Alberta will be defeated in the struggle for economic liberty through the want of a nail, but it is well that the people be forewarned that they must exercise eternal vigilance if the ultimate victory is to be theirs.

At the time of the last provincial election, enthusiasm rose to fever heat. We said, at that time, that it would take time, unlimited patience, personal sacrifice, and concerted action to bring about the great change. We said that we were willing to wait, to make sacrifices, to have patience and to stand united until success crowned our efforts. But enthusiasm has a way of cooling off with

time. This cannot be said of the Social Creditors of Alberta and their sustained enthusiasm throughout the long months has been a credit to them. While the financial interests through their mouth-pieces have continued a steady barrage in a futile attempt to break down the resistance of the people, their efforts have been in vain. A few have fallen by the wayside while great numbers convinced by the splendid record of the government have joined the ranks.

We may have had to face serious difficulties during the past fifteen months, but the loyalty of the people of Alberta to the cause they have espoused, will be put to the real test in a few weeks immediately following the opening of the Credit House. When that time comes we must be prepared to recognize and meet the danger. I can see some of my readers glare and shake their fists in the general direction of the financial oligarchy, who, so they have been told, are their rulers, the invisible government above all governments. Many will feel that the real danger lies in that quarter, but the real danger lies in the underground activities of those who for selfish reasons, consciously or unconsciously serve their masters, the money barons. These slaves of a decadent financial system can be found in almost any community. Blinded by prejudice, selfishness and greed, they will strive to sow the seeds of doubt and fear in the minds of their neighbors. They will do all in their power to cause dissension in the ranks, for they know that doubt and fear will destroy confidence and dissension will destroy unity of action.

We are prone to overestimate the powers of the financial bogey man. It is ridiculous to suppose that a handful of financiers can dictate to and shape the destiny of the whole population of this province if the people with united wills decide to map their own course. The financiers occupy the powerful position they hold today because of our own inertia in the past. Somebody has to control the credit and since we took no steps to prevent them, the financiers gradually assumed control. Now that we have awakened from two centuries of sleep and have, so to speak, snapped out of it, the rest should be easy, provided we stand united, and gently but firmly deprive the financiers of their monopoly of

credit. Do not misunderstand this last statement. There is no implication of force. There is one sure way of destroying monopoly and that is by introducing the element of competition. The people of this province through the use of their own credit will be freed from the necessity of using bank credit. The banks will either have to find a way to give services equal to that of the Credit House or find some other use for the imposing structures they have built.

Resolutions for the New Year

Now that it is near to the end of the year, all good citizens will be planning resolutions for the New Year. For those who have the welfare of the Province of Alberta at heart the following is a list of suggested resolutions they may well adopt:

I am resolved:

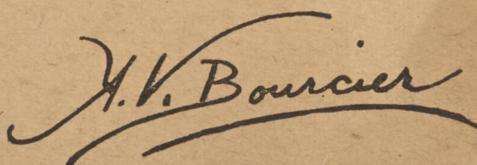
1. To accept Alberta Credit to the fullest possible extent for goods I sell or services I render.
2. To convert as much currency as possible into Alberta Credit.
3. To give the preference to Alberta made goods when I buy.
4. Not to loudly demand dividends, but to co-operate to the limit to make the Credit House a success, knowing that if it is the dividends will follow.
5. That if I cannot understand the Social Credit principles, I will do nothing to hinder the success of the plan.
6. To lend a deaf ear to malicious gossip from any source, intended to create doubt and fear in the minds of our people and dissension in their ranks.
7. To refrain from retailing malicious gossip.
8. To take a more active part in the cause of economic liberty, knowing that to diminish our efforts now might result in the loss of all we have gained in the past few months.

A Nightmare and a Vision

Eternal change is the law of life, and it would be foolish to suggest that Alberta could ever revert to the old order of things.

It would be well if we pause here for a moment and let our minds run back to the nightmare years prior to the last provincial election, and by comparison we will appreciate more fully the progress we have made in the past few months. The progress we have made in a few short months should stir up in our minds a vision of what the future may hold in store for us if we will continue to assert our right to economic liberty, a right which we must win if we ever hope to enjoy the blessings of the New Democracy.

The dreamer is fond of indulging in visions of a world as it will be fifty or a hundred years from now. It may be well to aim at a star but I am a practical man, and I feel that we should concentrate on what may be accomplished, not fifty years from now but in the next four or five years. It is actually possible *now* to abolish poverty by learning to use our credit. It is possible through the use of our credit in the next five years, to entirely revise our educational system and provide up-to-the-minute buildings, equipment and vocational training for every child; to establish state-medicine and assure the highest degree of physical well-being for every child and adult in the province; to make Alberta a land of beautiful, modern homes; to provide congenial employment for every citizen; to apply scientific knowledge in every sphere of life and abolish drudgery; to double production and industrial activity and proportionately raise the standard of living; to provide comfort and security for those too old to work. These and more are actually possible now,—so let us put our shoulders to the wheel and in our spare moments let us indulge in a vision of an age wherein man spends less time merely struggling to exist and more time developing to the greatest degree of perfection body, mind, and soul, that he may, like a polished mirror, more perfectly reflect the image of his Creator.

A handwritten signature in black ink, appearing to read "H.V. Bourcier". The signature is fluid and cursive, with a large, sweeping flourish underlining the name.

Crédit Albertain et démocratie nouvelle

Par A. V. Bourcier, M. L. A.

Certains disent que la démocratie a fait faillite. C'est l'affirmation favorite de l'esprit radical et paresseux à la fois, qui prône la destruction de tout, bon ou mauvais, plutôt que de fournir l'effort nécessaire pour analyser les problèmes qui se posent, perpétuer ce qui est bon et éliminer ce qui pêche. Quiconque a étudié l'histoire avec un peu d'observation admettra que la véritable démocratie n'a jamais été une réalité, bien qu'on ait progressé dans cette direction. La démocratie est un idéal, difficile à atteindre.

Démocratie implique liberté. Nous pouvons mesurer le degré d'approche de la vraie démocratie par le degré de liberté dont nous jouissons aujourd'hui. Nul ne peut nier qu'ici, au Canada sous le drapeau britannique, nous jouissons d'une liberté plus grande qu'il serait possible sous tout autre pavillon. Des siècles de luttes ardues ont gagné pour le peuple anglais, et pour d'autres après lui, la liberté de conscience, la liberté individuelle et la liberté politique. Mais nous n'avons pas encore obtenu la liberté économique; nous sommes encore des esclaves au point de vue économique. Nous pratiquons encore une soumission abjecte, courbant la tête sous la dictature de ceux qui contrôlent la monnaie et le crédit. Par leur contrôle de la monnaie et du crédit, les financiers peuvent, s'ils le désirent, restreindre la liberté personnelle et politique.

Après six années de dépression non nécessaire, le peuple de l'Alberta a trouvé qu'il ne pouvait s'accoutumer à vivre dans la faim et la nudité, avec une abondance de nourriture et de vêtements lui faisant face. Il a décidé d'enfoncer son chapeau et d'assumer le contrôle de son propre crédit. Par cette décision, l'Alberta peut atteindre sa majorité économique et établir une démocratie nouvelle, dans laquelle la liberté et la sécurité individuelles ne pourront être restreintes que si l'individu abuse de son privilège.

Les quinze derniers mois ont vu faire des pas de géant vers la liberté économique en Alberta. Le peuple a élu des représentants qui se sont engagés à une politique de réforme économique. Déjà la législature a passé une loi qui permet l'inauguration du régime crédit social. Les citoyens de la province ont été enregistrés. On est à la veille d'ouvrir la Maison de Crédit d'Alberta et d'émettre du crédit albertain. Nul doute que la période la plus critique de la lutte pour la liberté économique approche. Pendant les quelques semaines qui vont suivre l'ouverture de la Maison de Crédit, on peut s'attendre à ce que les forces opposées à la liberté et à la sécurité économiques pour tous redoublent de vigueur, de venin et de férocité dans leur assaut contre les forces du Crédit Social. Elles essaieront une dernière tentative pour ruiner la confiance du peuple. La meilleure arme de défense dont le peuple puisse se servir, c'est la connaissance de la nature et du fonctionnement du crédit albertain.

Qui dit crédit dit confiance

Nous, de l'Alberta, qui essayons d'établir la démocratie nouvelle, nous devons reconnaître l'importance de la confiance, car, sans cet élément intangible, tous nos plans seront voués à un échec. Alexandre, César, Napoléon ont édifié des empires sur la confiance—confiance en eux-mêmes et confiance qu'ils savaient inculquer à leur suivants.

Presque tous les jours, on entend poser cette question:—qu'est-ce que le crédit albertain? Quelques-uns croient que c'est une nouvelle et plus grosse émission de certificats de prospérité. D'autres pensent que c'est une nouvelle sorte de monnaie fiduciaire, ou numéraire. D'autres enfin sont décidément mystifiés et s'imaginent une monnaie qui paraîtra sous quelque forme étrange et monstrueuse. Pas n'est besoin d'entourer de mystère cette locution de "crédit albertain." C'est simplement un terme nouveau pour exprimer une conception nouvelle de quelque chose vieux comme l'histoire du monde. Vous pouvez découvrir un nouveau lac et l'appeler Lac d'Emeraude, ou de tout autre nom qu'il vous plaira: ce n'est tout de même rien qu'un bassin d'eau.

Pour comprendre le sens de l'expression "crédit albertain," il est essentiel d'abord de bien saisir la signification du mot crédit — terme dont le sens reste vague pour l'homme ordinaire. Il croit parfois que vous devriez enfoncer votre main bien avant dans votre poche et en tirer une poignée de crédit, qu'il puisse l'examiner attentivement, découvrir la vraie nature du crédit et se passer d'autres explications de votre part. Pareille démonstration est impossible, car le crédit n'est pas une substance tangible, ce qui ne l'empêche pas d'opérer. Ni la crainte ni le courage sont des choses tangibles, et cependant ce sont des forces puissantes de la vie.

On a classifié le crédit et donné des noms à ses différentes formes. On a le crédit financier, le crédit social, le crédit réel, le crédit national, le crédit personnel, et voici qu'on parle maintenant du crédit albertain. En réalité, il n'y a qu'une sorte de crédit; le crédit est cela, et pas autre chose. Mais le crédit a plusieurs usages et c'est cette diversité d'usages qui déterminent les variétés de crédit. C'est l'abus du crédit, son contrôle violent par un monopole financier qui ne cherche que ses propres fins, qu'on trouve à la base de nos maux économiques.

Un agriculteur, établi depuis longtemps dans une région et ayant sous la main une abondance d'aliments et autres choses nécessaires à la vie, avance à un nouveau colon une quantité suffisante de nourriture et autres choses nécessaires, permettant à ce colon de faire une récolte; ce dernier pourra rendre à son bon voisin la nourriture et autres nécessités qu'il en a empruntées, tout en gardant une réserve suffisante pour lui-même. Ce que l'agriculteur a avancé au colon, c'est simplement le crédit réel de ce nouveau venu. Ce prêt n'a pas seulement profité au colon, mais à tout le groupement. L'agriculteur a consenti ces avances au nouveau colon, parce qu'il avait *confiance* dans la capacité de cet homme à produire une richesse nouvelle. Le crédit est donc une démonstration de la confiance. Le crédit est la confiance qu'un homme a dans un autre; c'est la confiance qu'un individu ou un groupe d'individus a dans un autre individu ou un autre groupe d'individus—la confiance que cet individu ou cette association d'indi-

vidus pourront livrer une richesse, c'est-à-dire produire des biens ou rendre des services.

Confiance et crédit bancaire

De temps immémorial on a fait usage du crédit financier, la sorte de crédit qu'émettent les banques. On ne s'est jamais demandé: Pourquoi le crédit financier? et l'on n'a pas hésité à s'en servir en attendant la réponse. Au contraire, on recherche avidement le crédit financier on l'emploie sans lui porter le moindre doute, même si, par cet usage on livrait en servitude la génération présente et celle qui la suivra. On emploie le crédit bancaire parce qu'on a confiance en lui.

Cette confiance est pour ainsi dire justifiée parce que c'est notre propre crédit qu'émet la banque, mais elle charge un prix prohibitif pour nous permettre l'usage d'une chose qui nous appartient déjà. De ce côté, les banques ressemblent à un passant qui emprunterait une poule du poulailler en arrière d'une résidence et viendrait en avant, l'offrir en vente à prix réduit au propriétaire.

Il est facile de démontrer que les banques émettent du crédit pour plus que leur actif réel et que leurs dépôts proprement dits.

Le crédit financier ne signifie pas une chose différente du crédit albertain.

Il existe plusieurs raisons pour lesquelles c'est le peuple lui-même qui devrait contrôler l'agence de son crédit:

1. Les banques n'émettent pas de crédit où et quand le peuple en a besoin, mais où et quand elles entrevoient la chance d'en tirer de beaux profits pour elles-mêmes;
2. Les banques ont assumé le pouvoir d'émettre quelque chose qu'elles ne possèdent pas, sous forme de chiffres dans leurs livres, et elles exigent en retour un titre à la richesse égale à l'émission, plus un taux élevé d'intérêt;
3. Les banques créent le capital d'un prêt et le mettent en circulation, mais elles ne créent jamais l'intérêt. C'est

donc une impossibilité matérielle pour tous les débiteurs de rembourser leurs emprunts en même temps.

Le remède est évidemment dans le contrôle du crédit par l'Etat et dans l'abolition de l'intérêt.

L'Alberta peut livrer les produits

Lorsque le crédit est émis en faveur d'un individu ou d'un petit groupe d'individus, il peut arriver que, par suite de circonstances adverses ou de malhonnêteté, l'individu ou le petit groupe ne puisse livrer les produits. Mais l'Alberta n'est pas ainsi limité. L'Alberta a toujours pu et peut encore livrer les produits, bien que, dans le passé, la province ait dû livrer les biens au financier, car le financier contrôle le crédit et, par suite, contrôle les biens. Le financier dicte le prix que le producteur recevra pour l'article fini. D'un bout à l'autre du jeu, le financier tire les ficelles qui causent les fluctuation de la bourse des valeurs, ce qui lui permet de se servir la crème et de rendre au peuple, de mauvais gré, juste assez de pouvoir d'achat pour se procurer le lait écrémé de la production.

Le temps approche où le peuple va prendre le contrôle de son propre crédit, par l'entremise de la Maison de Crédit, ce qui, par voie de conséquence, va lui remettre le contrôle de ses biens. C'est à lui-même qu'il livrera les fruits de son travail.

L'Alberta a prouvé déjà qu'elle peut produire, en une année, plus qu'il lui faut pour nourrir, vêtir et loger sa population. L'Alberta a donc un pouvoir de crédit illimité. On peut se tromper quand on fait confiance à certains individus; mais on peut être sûr de ne pas se tromper en faisant confiance au peuple albertain pris dans son ensemble. Si l'on perdait jamais confiance dans le peuple de l'Alberta, tout serait perdu. Dieu nous en préserve?

La marge de sécurité

Dans l'exemple donné ci-dessus, nous avons vu que, pour pouvoir avancer du crédit au colon, l'agriculteur devait avoir un surplus de produits et confiance dans le nouveau venu. Avant

d'émettre du crédit albertain, nous devons aussi, comme province, avoir un surplus de produits et confiance dans le peuple d'Alberta. Le surplus de biens, nous l'avons; la confiance dans le peuple ne fait de doute pour personne. Il n'y a plus qu'à ouvrir la maison de crédit et à mettre la boule en marche. Mais avant d'ouvrir au public les portes de la Maison du Crédit, il reste une question à répondre: Combien de crédit la Maison de Crédit peut-elle émettre? La Maison de Crédit doit avoir des limites. Elle ne peut émettre de crédit en quantité illimitée; il faut tirer une ligne quelque part.

Avant d'émettre du crédit, la Maison de Crédit doit d'abord déterminer le volume et la valeur des marchandises que pourra commander ce crédit. Autrement, ceux qui accepteront le crédit albertain seraient dans la même situation que l'homme égaré sur une île aride avec ses poches pleines de pièces d'or. Pour chaque dollar de crédit émis, il devra y avoir pour un dollar de marchandises que ce dollar pourra acheter. On n'arrivera pas de sitôt à la ligne extrême, car on procédera d'abord prudemment, émettant beaucoup moins de crédit que la présence de produits le permettrait et augmentant graduellement jusqu'à ce qu'on approche de l'équilibre entre la consommation et la production."

Le mécanisme à crédit

Inspectons la Maison de Crédit, prête à ouvrir ses portes au public. Outre le petit appartement à bureaux ordinaire, nous voyons deux grands livres. L'un est intitulé LOAN LEDGER, i.e. Grand-Livre des Prêts. Dans ce grand-livre, seront entrés les montants de tous les prêts aux individus, aux agriculteurs, aux détaillants et autres. Le bénéficiaire d'un prêt recevra aussi un carnet et un livre de blancs de certificats non négociables, qu'il pourra remplir et signer, à la façon des chèques, s'en servant pour acheter des produits et payer des salaires. Ceux qui recevront ces certificats pourront à leur tour les déposer dans la Maison de Crédit où ils seront entrés à leur compte dans un autre grand-livre appelé Grand-Livre des Dépôts (DEPOSIT LEDGER). Tous les montants ainsi déposés seront ajoutés au compte du dépositaire et soustraits du compte de la personne qui a signé le certificat.

Supposons que l'individu qui a reçu un prêt de crédit a pu, grâce à ce prêt, produire une richesse nouvelle supérieure en valeur à celle du prêt. Il peut rembourser son emprunt et garder un surplus. Quand il rembourse, le prêt est annulé dans le grand-livre, bien que le montant mis en circulation puisse être dans d'autres comptes à la Maison de Crédit.

On conçoit facilement que l'émission de crédit rend possible l'échange de produits et de services et, en même temps, stimule une nouvelle production. Quand bien même ce serait là les seuls avantages d'une Maison de Crédit, ce serait assez pour justifier son institution.

Les maux du système de crédit contrôlé par des banques privées se trouvent immédiatement corrigés, car la Maison de Crédit aura droit d'émettre du crédit où et quand ce sera nécessaire pour le bien du peuple de la province. On n'accumulera plus une charge d'intérêts sur les prêts. La Maison de Crédit n'opérera pas au bénéfice de quelques privilégiés. La Maison de Crédit stimulera la production et la consommation de produits fabriqués en Alberta.

Le simple exposé ci-devant explique la nature du crédit albertain et les facilités fournies par la Maison de Crédit; mais il ne prend pas en considération la question du dividende et de l'escompte compensé. Ce sont deux autres fonctions de la Maison de Crédit, mais qui ne tombent pas dans le cadre du présent article. Le lecteur intelligent en sait assez pour comprendre que le dividende et l'escompte compensé sont d'autres émissions de crédit albertain, et il sait aussi que le crédit albertain n'est pas une émission de numéraire ni une nouvelle émission de certificats de prospérité. Le crédit albertain n'est pas non plus destiné à entrer en conflit avec la monnaie du Dominion. Le crédit albertain est le crédit réel du peuple de l'Alberta; chaque dollar de crédit albertain représentera des biens réels produits en Alberta. L'usage du crédit albertain assurera la distribution de la production albertaine et permettra ainsi au peuple d'accroître sa production avec chaque émission de crédit. Chaque accroissement de richesse nécessitera une augmentation dans l'émission de crédit et, en retour, chaque nouvelle émission de crédit stimulera un nouvel accroissement de production. Le procédé sera cumulatif et sans limite.

Victoire ou défaite

On connaît la berceuse populaire qui dit que, faute d'un clou, le cheval perdit son fer et continua pour prouver que, faute d'un clou, la bataille fut perdue. Il n'est guère probable que le peuple albertain essuie une défaite dans sa lutte pour la liberté économique par le manque d'un clou; mais il bon que le peuple se tienne sur ses gardes et exerce une perpétuelle vigilance s'il veut que la victoire lui appartienne.

Lors de la dernière élection provinciale, l'enthousiasme était fiévreux. Nous disions alors qu'il faudrait du temps, une patience sans limite, des sacrifices personnels et une action concertée pour obtenir le grand changement. La population s'est déclarée prête à attendre, à faire des sacrifices, à prendre patience et à rester unie jusqu'à ce que le succès couronne nos efforts. Il est de la nature de l'enthousiasme de se refroidir avec le temps. On ne peut le dire cependant des crédittistes d'Alberta; leur enthousiasme soutenu pendant de longs mois est tout à leur crédit. Malgré que les intérêts financiers, par la voix de leurs interprètes, aient maintenu un barrage continual pour essayer de briser la résistance du peuple, leurs efforts sont restés vains. Quelques soldats sont bien tombés au bord de la route, mais de nouvelles recrues, gagnées par le magnifique record du gouvernement, sont venus joindre les rangs.

Nous avons pu avoir de sérieuses difficultés à envisager au cours des quinze derniers mois, mais la loyauté du peuple albertain à la cause qu'il a épousée subira sa véritable épreuve pendant les quelques semaines qui suivront la mise en fonctionnement de la Maison de Crédit. Lorsque viendra ce temps, soyons prêts à discerner et à combattre le danger.

Je vois d'ici quelques-uns de mes lecteurs qui lèvent un poing menaçant vers l'oligarchie financière, qui, disent-ils, tient réellement les rênes et constitue le véritable gouvernement invisible, au-dessus des gouvernements. Plusieurs, cependant, pressentiront que le danger le plus réel n'est pas tout à fait là, mais bien plutôt dans les activités sournoises de ceux qui, pour des raisons personnelles, consciemment ou inconsciemment, servent ces maîtres, les barons de la finance. On trouve de ces esclaves

d'un système financier décadent dans presque toute agglomération. Aveuglés par les préjugés, l'égoïsme et la cupidité, ils essayeront de semer des germes de doute et de crainte dans les esprits de leurs voisins. Ils feront tout en leur pouvoir pour causer des dissensions dans les rangs, car ils savent que le doute et la crainte détruisent la confiance et que les dissensions brisent l'unité d'action.

On est porté à surestimer la puissance du croquemitaine de la finance. N'est-il pas ridicule de supposer qu'une poignée de financiers puissent dicter et façonner les destinées de toute la population de cette province, si le peuple s'unit pour en tracer lui-même le cours? Les financiers n'occupent les positions élevées où ils trônent aujourd'hui qu'à cause de notre inertie passée. Quelqu'un devait contrôler le crédit et, parce que nous ne fîmes rien pour prendre cette régie, les financiers l'assumèrent graduellement. Maintenant que nous avons su faire un effort sérieux et secouer deux siècles de sommeil, le reste devrait être facile, pourvu que nous restions unis et que, doucement mais avec fermeté, nous ôtions aux financiers leur monopole du crédit. N'allez pas mal interpréter cette dernière remarque. Il n'est nullement question de recourir à la force. Il existe un bon moyen de détruire le monopole: par l'introduction d'un organisme qui lui fasse concurrence. Que le peuple de cette province apprenne à se servir de son propre crédit, il n'aura plus besoin du crédit bancaire. Les banques devront, ou trouver moyen de rendre des services égaux à ceux de la Maison de Crédit, ou chercher quelque autre utilisation à leurs structures imposantes.

Résolutions pour la nouvelle année

Lorsqu'une année tire à sa fin, tout bon citoyen se trace des résolutions pour la nouvelle année. Nous suggérons les suivantes à ceux qui ont à cœur le bien de la province d'Alberta:

Je prends la résolution:

1. D'accepter du crédit albertain, autant que possible, en échange des produits que je céderai ou des services que je rendrai;
2. De convertir le plus possible de monnaie courante en crédit albertain;

3. De donner, dans mes achats, la préférence aux produits fabriqués en Alberta;
4. De ne pas réclamer le dividende avec trop d'insistance, mais de coopérer à faire de la Maison de Crédit un véritable succès, sachant que si elle réussit, les dividendes suivront.
5. Si je ne puis comprendre les principes du Crédit, au moins de ne rien faire pour empêcher le succès du plan.
6. De faire la sourde oreille aux propos malicieux, d'où qu'ils viennent, qui tendent à créer des doutes ou de la crainte dans les esprits ou à semer la dissension dans les rangs du peuple.
7. De m'abstenir de rapporter les propos malicieux.
8. De prendre une part plus active à la cause de la liberté économique, sachant qu'une rétrogression des efforts maintenant pourrait faire perdre les fruits de plusieurs mois de lutte.

Cauchemar et vision

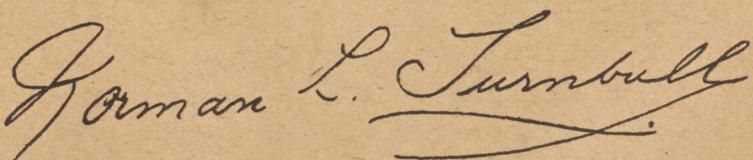
Un perpétuel changement est la loi de toute vie et ce serait pure folie de suggérer que l'Alberta puisse jamais revenir à l'ancien ordre de choses. Il sera bon de s'arrêter ici un instant et de se rappeler le cauchemar des années qui précédèrent la dernière élection provinciale. La comparaison nous permettra de mieux apprécier le progrès accompli en quelques mois. Ce progrès rapide en si peu de temps devrait ouvrir notre esprit aux immenses possibilités que l'avenir tient en réserve pour nous, si nous savons seulement affirmer nos droits à la sécurité économique. Voilà le but à poursuivre et qu'il faut atteindre, si nous voulons enfin jouir des bienfaits de la démocratie nouvelle.

Le rêveur aime à caresser les visions d'un monde tel qu'il peut le prévoir dans cinquante ou cent ans d'ici. Il peut être bon de viser une étoile; mais je suis un homme pratique et je crois qu'il serait opportun de se concentrer sur le monde que nous pouvons nous créer, non dans cinquante ans, mais dans les quatre ou cinq prochaines années. Il est positivement possible d'abolir la pauvreté dès maintenant, en apprenant à nous servir de notre crédit. Il est

possible, par l'usage approprié de notre crédit au cours des cinq premières années, de reviser complètement notre système d'éducation et de pourvoir des écoles modernes et bien munies pour donner l'instruction et l'orientation appropriées à chaque enfant de cette province; possible d'établir la médecine d'état et assurer le plus haut degré de santé physique à tout enfant et adulte de cette province; possible de faire de l'Alberta une terre de demeures modernes et agréables; possible de fournir à chaque citoyen un emploi en rapport avec ses aptitudes et ses attractions; possible d'appliquer les découvertes scientifiques à toute sphère de la vie et d'abolir le dur labeur; possible de doubler la production et l'activité industrielles, élevant proportionnellement le niveau de vie; possible d'assurer confort et sécurité à tous ceux que l'âge empêche de travailler. Ces choses, et d'autres encore, sont actuellement dans l'ordre du possible. Mettons donc l'épaule à la roue et, dans nos loisirs, pour nous encourager, envisageons une ère dans laquelle l'homme consacre de moins en moins de temps à la simple lutte pour l'existence et dispose de plus en plus de temps pour tendre à un haut degré de développement physique, mental, spirituel, reflétant de plus en plus parfaitement, comme un miroir bien poli, la belle image de son Créateur.



To Premier Aberhart of Alberta and all other Social Creditors, to all who strive earnestly to help their fellow men by brotherly co-operation throughout the length and breadth of Canada; to my electors and fellow Colleagues in Manitoba: A Happy, Creditable and Prosperous New Year.



Hamiota, Manitoba

Why The Indian Should be Enfranchised

By Rev. Roy C. Taylor, B. A.; B. D.; M. L. A.

It has been tritely said that Canada is the "melting pot" of the nations. To the extent to which this is true are to be found the problems attendant to a cosmopolitan nation such as ours. While in a certain sense the products of a mixed population such as Canada presents have added to the manifold problems of State and Church, nevertheless each race finding a place in our midst has made some distinctive contribution to the mosaic of national life in the process of creation in the Dominion of Canada.

From the variegated elements there shall be woven into our national life one day all that is highest and best in the peoples coming to us from almost every part of the globe issuing in a virile people building solidly and enduringly the bulwarks of a strong nation. To each of these peoples from many lands Canada has a responsibility which she must never shirk.

What then is her primary task? To assimilate into a great amalgam racial characteristics that might otherwise prove subversive to the State. In this connection, may I say, without any hesitancy that in the very forefront of Canada's duty to her people of many races and climes is her still undischarged obligation to the aboriginal inhabitants of this country. That a very great deal has been done by Church and State for the Indians, children of Lake, Forest, Stream, and Plain, no one will gainsay. In the very geographical names of places in our far-flung inland empire we are reminded of a once proud race who roamed the vast area of this then undiscovered land living for the age-old trilogy of love, hunting, and war. Then came the Pale-face as they called the pioneer discoverers of this Continent. As we lift the curtain that enshrouds the past we see the striking picture of a stalwart Indian Chieftan advancing with proud bearing to extend the hand of welcome to his brothers from across the Great Waters. Alas! He was to learn that his dominion was to be invaded by the evil as well as the good of another race. The story of the regime of the

Hudson Bay Company, Gentlemen adventurers and the consequent struggle for supremacy with the Great Northwest Fur Trading Company reveals a page, which while romantic, discloses an era of intrigue and conspiracy in which the Indian was in a measure exploited.

In opposition to this we must remember with the deepest gratitude the unfailing heroism and sacrifice of the Jesuit Fathers and other Missionaries, many of whom gave their lives in an effort to enlighten the Indian who had fallen a prey to the deviltry of unscrupulous white men. When Champlain landed in Canada he erected a Cross and in the spirit of that Cross and its significance the emissaries of a Gospel of love went everywhere bringing peace to warring tribes of Indians and teaching the sanctity of human life. In this country, as well as in others, the Heralds of the Cross were in the very vanguard of civilization. It is a little wonder that men who know say that to these men and women, more than to any others, we owe the peaceful subjugation of the Indians.

In our own Province of Alberta such names as Father Lacombe, the MacDougall's and others rank as the Pathfinders of a new era which we trust will one day lead to the complete liberation and enrichment of Indian life.

Quoting from the Canada Year Book of 1936: "The Indians of Canada are wards of the Department of Indian Affairs and number, according to the Census of 1931, 122,911 (62,943 males and 59,918 females) made up of provinces as follows: P. E. I. 233; N. S. 2191; N. B. 1685; Que. 12,312; Ont. 30,368; Man. 15,417; Sask. 15,268; Alta. 15,249; B. C. 25,599; Yukon 1,543; N. W. T. 4,046. According to the departmental census taken by the Department of Indian Affairs in 1934, the total number of Indians was 112,510 but the census covered only Indians under the administration of that Department."

On over one hundred reservations scattered across Canada the Indian, a minor in the eyes of the law, is under the watchful care of Indian Agents, employees of the Department of Indian Affairs. Such activities of the Department as guardians of the Indians, include Indian education, care of health etc., the development of

agriculture and other vocations among them, the administration of their trust funds and legal transactions and the general supervision of their welfare.

While the reservation has in many instances proven to be a sanctuary, 'where the Indian could develop unmolested until advancing civilization had made possible the absorption into the general body of citizens; on the other hand it has sometimes been productive of a decadent society. This has often been due to the fact that Agents of the Department, in some instances, have been appointed without any regard to their fitness for the position. Patronage has not given due thought to the calibre of the men selected to administer the affairs of the Indian. When we select men with as much care to represent the State and the Church on Indian Reservations as we would those who represent us in our social service institutions which make for our elevation, morally and socially, we will have gone far in establishing decency, self-respect and individuality amongst the Indians.

Recognizing then, the limitation of Reservation life, due to the many restrictions under which the progressive Indian chafes, would it not be better to select those who show promise of real progress, regard them as units and train them for their places and let them occupy their positions as fully recognized citizens of Canada? We need to have a more ambitious policy. We spend annually large sums of money on the education of Indian youth but when he or she returns to the Reservation life, do we follow up our years of tuition by assisting by careful supervision and some expenditure of money in order to enable the graduate to apply the knowledge attained in school? Unless this is done there is a reversion to the old unambitious life.

A notable attempt in this regard is that of Balcarres, Saskatchewan, and I believe the results fully justify the experiment. In its genesis the project meant that each boy was given eighty acres of land and help in starting to farm. As he showed initiative more land was given to him. The result in 1910 was that 60,000 bushels of grain were threshed, and seven of the graduates averaged over 4,000 bushels each. I believe that the Indian is becoming more and

more interested in the agrarian pursuits. I once heard a notable saying from Chief Samson of the Samson Band of Indians at Hobbema, Alberta, when he said: "The Indian must face the question of earning his living by agriculture. The enchantment of the chase has now gone and the Indian must now seek to share in the enchantment of production."

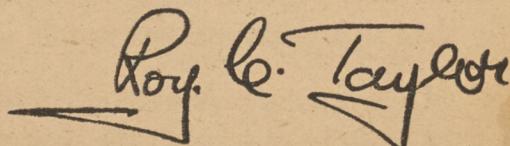
Many who are vitally interested in the Indian problem realize that the cramping restrictions of Reservation life will never lead to the emancipation of the Indian economically, socially, morally or religiously. One of the greatest problems in Canada is the segregated settlements of Europeans who perpetuate their national life within our nation and many of whom send practically all the money they make back to their native land thus materially lessening the purchasing power in Canada. This, however, is not true of the Indians, nevertheless the fact remains that Canada must not continue indefinitely to look upon upwards of 112,000 of her population as wards. In order to cease being a ward the Indian must become enfranchised. Section 110 of the Indian Act provides for this if the Indian wishes it, and on investigation it is shown that he is fit to receive it. While admitting that great care should be taken in selecting those worthy of exercising their franchise I do not think that the Indian would use this sacred right less worthily than many naturalized people who come from other shores.

Does it seem reasonable that 112,000 people should be denied the right to have a say in the shaping of the policies which vitally affect their welfare? But, you say, the machinery exists for the Indian's enfranchisement, why are more of them taking advantage of it? For this very obvious reason; the Indian does not, and cannot fully trust the white man. So he clings to his tribal and reservation rights rather than commute his claim and take his chance in our competitive system. How can this hesitancy be overcome? In one way, I believe, and only one way: Amend the Indian Act to permit the Indian being enfranchised while still retaining his reservation and tribal rights should he so desire. Gradually the requirements of citizenship could be imposed such as taxation etc. It might mean for a time, the reversal of the slogan

"No taxation without representation" to that of "Representation without taxation." My contention is that with the Indian having the vote it would follow that he would receive more consideration and by representation would be able to make vocal his needs and bring the attention of the members of the Federal House to bear upon Department of Indian Affairs.

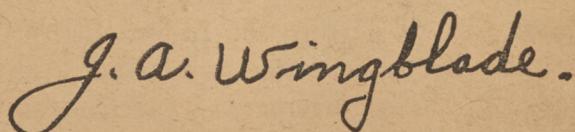
Were I to venture to look into the future I would make bold to predict that in the matter of a few decades we will not find on reservations in this Dominion wigwams or log houses inhabited by a few of a pauperized race, but we will find the Red man assimilated in settlements alongside the white man. This we sincerely believe is the one hope of the Indian. To the young man and woman educated and equipped for life in our Indian Residential schools we look for a solution to the Indian problem.

The future is bright with hope for our aboriginal brothers. Many very efficient Indian Agents, Departmental Inspectors, Educationalists, and Missionaries etc. are combining their efforts to help the Indian take his place as a full-fledged citizen in the body politic. Let us as citizens address ourselves to the task so well begun of assimilating the Indian into the fabric of our young nation's life.



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Through the courtesy of The Social Credit Commentator I wish to extend my sincere New Years greeting to the citizens and friends of the Wetaskiwin constituency and other Social Credit friends of the Province. Let us praise God for His manifold blessings and His unspeakable Gift to the World.



Wetaskiwin

Amalgamation of Manufacturing and Processing Plants

Creation of A Co-operative Wholesale and Retail Society

By The Co-operative Mercantile Association Limited

It is the purpose of the co-operative Mercantile Association to take over the businesses now being carried on by the various Manufacturing and Processing Plants engaged in the production of household commodities and amalgamate them into one society for the purpose of assisting in the distribution of the Alberta Credit which will be issued by the provincial Government, to stimulate the purchasing of Alberta-made products and to bring the small plants that are now struggling for existence under our present economic conditions whereby they will be able to produce to full capacity, thus giving employment to thousands of our people, who at the present time are unable to secure employment.

It is our intention as soon as the amalgamation is completed to establish Wholesale and Retail Stores in different parts of the Province to provide an outlet for the manufactured product which will enable us to keep the different factories under our own control working at full capacity.

The present owners of the plants taken over by us will be retained

and used in such other departments as may be considered advisable. They will be paid a salary commensurate with the position which will be increased from time to time as circumstances permit. Supervision over each plant will be given by a comptroller whose duty it will be to co-ordinate the production of each plant so that the demand for Alberta-made products will be met.

It will thus be seen that where the outlet is provided for the manufactured article that a great saving will be made in the sales and distribution of all products, which is a very important item in the present overhead expenses and which practically cripples the small factories at the present time.

There is one question of paramount importance to be answered: Can the people conduct their own business effectively or must they eternally look to private profit-making interest? This question is answered by the co-operative societies in which the people are giving the world a demonstration of their capacity to do things for themselves. They begin with the distribution of the necessities of life,

such as food, clothing and shelter and thus gain better access to the things they need. But what is more important, they learn by experience the technique of carrying on distributive business in the interest of the consumers.

Then follows production in their own factories and workshops for their own non-speculative use. When the consumers have reached back to the ownership of the productive plants, the land and the raw material, the demonstration is complete that the people can conduct their own business from start to finish for service and not for private profit. When this end is reached our accomplishments are complete.

In a co-operative enterprise there is not fixed capital but only membership, as the profits derived from the conducting of the business are equally divided amongst all members in proportion to their interest and purchasing power and is incorporated under the special society act for this purpose. The board of directors will be appointed by the members of the society each having an actual voice in such appointment.

As the society grows the increase of membership will naturally show an increase in the capital structure and it is impossible for anyone to say to what limits these will reach.

Two antagonistic economic forces today are striving for supremacy. The conflict between them causes the general social disorganization now obvious. A stabil-

ized society will come to pass only when one or the other of these becomes dominant. The great war was but a minor and subsidiary flare-up in one of the contending camps. Shall the life and industries of the world be conducted for the purposes of profit or for the purposes of service?—This is the great conflict.

The war was a melange of hidden motives, uncertainties, hypocrisies and subterfuges; the Great Conflict is clear-cut and definite. On the one side are the most powerful forces in society from the material standpoint. They get their strength from the belief, of the many, in the competitive profit-system. They are supported by the vast interests which subsist upon income from property. They are maintained by the human hunger for privileges and power and the natural desire to have the good things of life without performing service. They are associated with the ownership of the major part of the property of the world. They control the great governments, with their coercive might of arms, police, and jurisdiction over the life of the people.

On the other side are forces which are yet weak and but meagerly organized but which are steadily growing. They are impelled by the determined conviction in the minds of the people that it is possible to organize the economic affairs of the world upon the basis of production and as consumers in the field of consumption.

The demonstration of these possibilities is capturing the imagination of the people and creating the vision of larger things. On the first side, and contributing to the strength of the second side, is the present breaking down of the profit-system.

There are some who look forward with fear to the collapse of the economic structure of modern society and to a coming revolution. Fears of such a future event are groundless—such a catastrophe need not be anticipated as a possibility of the future—it is already coming to pass. Whether we realize it or not, we are living in the midst of a cataclysm. The old order is breaking to pieces. The life of an individual is a momentary flash in the history of society; the events through which we are living are burning and quick.

As the profit-motive in industry fails to serve the people as a social instrument, two organizations of society stand ready to assume its functions. One is the political state; the other is the voluntary, non-political organization of the people in the co-operative movement. When the present disorder has subsided, the future conflict will be between these two principles. One is the compulsory political idea; the other is the idea of free and voluntary association. Each is making progress. Each moves in the direction of production and distribution for service. Harmonization of these two elements is pos-

sible and to be hoped for as an event of the future.

There is another question: How can the people obtain control of industry and administer it effectively in their own interest? Voting does not provide the training. There is a prevailing fiction that all that is needed is for the majority of people to vote at an election to instruct the government to take over profit-making industries and use them for the service of the people. But these industries have never been used for that purpose, nor have the people who are administering them and working in them had experience in the service for social purposes. The industries and the people have been adjusted to the profit motive. The change is too difficult to be accomplished by an edict.

There is a serious obstacle to the success of the sudden industrial revolutionary method in a certain fact that has received little attention from leaders of labour and less from economists. It is the fact that the organization of society solely upon a producers' basis cannot solve the economic problem. The theory that the workers should capture the industries by a revolution and that around the industrial function should revolve all of the reforms of the social life, has been responsible for many of the vagaries that have led the people astray.

The "Christian socialist" movement, "syndicalism" and "guild socialism" have all been based upon the hypothesis that labour is the

great function and that it is at the point of production that mankind needs to begin organization and control. For this reason we find these organizations striving to get for the workers the best rewards possible. This is good as far as it goes, but it never has and it never can solve the workers' problem. It has not the power to change the motive of industry.

This method has striven to give the worker "the full value of the wealth he produced." "Full reward for labour" has been the aim. That motive has meant working for wages—producing for wages—and producing with that motive has meant not production for use but production for profit. Labour, like the capitalist, has sought to get as much for itself as possible, and that means, as much from the consumers—from all the people—as possible. This psychology is not compatible with production for use. In the Trade Union, as well as in the Merchants' and Manufacturers' Association the chief problem is how to get more from the consumer. And no group will solve the economic problem with this motive.

Other exclusively producing enterprise such as the "self-governing workshop," "producers' co-operative," and "co-operative communistic colonies," working for wages, producing for profit, laying emphasis on labour as the exalted function, all suffer one and the same fate: They either fail or they become capitalistic, — sooner or later. Let workers, in any form of

financial organization, centralized at the point of production, succeed from the financial standpoint, and their organization becomes capitalistic and profitmaking. Idealism in that field is comparable with poverty; but not with business success.

Success means failure. The industrial countries are written over with a hundred years of historic corroboration of this fact. The few successful producers' co-operative enterprises in Great Britain, the larger numbers in Germany, and the still more in Italy and France do not contradict the general truth of this statement. Only this modification need be made: those that are not on the way to fail or to become capitalistic are on the way to be taken by the consumer's co-operative societies.

That work is the great function, is an idea that has been promoted by slave-owners, manufacturers, capitalists, schoolmasters, and parents who had no alternative. It is not natural to work. Society has been confused by artificial standards. People work only as a secondary reason. They work in order that they may consume. It is not for the winning of wages; it is for the things that wages will buy that men work. But so much emphasis has been laid upon labour and wages that money has come to be the object both of workers and capitalists. The fact is that, not in work, but in consuming things is to be found the great joys. Food, shelter, clothing, music, art, literature, entertainment, love, the plea-

sure of companionship—these are the things that comes into the body through its senses and give it joy. It is not standing at a whirling machine that gives the satisfactions in life; but in consuming the things that can be gotten with the wages obtained, perhaps, in work at the machine.

The one person who merits supreme consideration is the consumer, he is everybody. The alternative to political revolution and to profit-making industrial control is production controlled by the organized consumers and conducted in their interest. This means production for use; and it is the only form of production that has that motive.

If the world is to be saved by substituting for the profit-system the system of doing things for the purposes of service then it must be saved through the organized Consumers' Movement.

The Consumers are no classes. They are all. They are the people standing together, not in drudgery, not by the whirring wheel, but in the enjoyment of things—uniting to help one another secure better access to the things that make life—helping one another to life in greater abundance.

When the co-operative method becomes prevalent, then should the worker get the value of what he produces; then should the access to the good things of life be secured by the performance of useful service. Through the co-operative Movement the prevalent economic

competetive system may be supplanted—not by chaos, suffering and revolution—but by an ordered, evolutionary method which employs the human qualities of friendship and mutual aid, instead of rivalry and antagonism.

Although pioneers in a new country are prone to develop individualism and seek their fortunes alone, sooner or later, they learn the positive advantages are to be had by union of their forces. Mutual aid is called upon to protect them from elements and from unfriendly people. As much as the individual may enjoy pushing out alone in the wilderness, he experiences a greater sense of security when he unites with his fellow-men for their mutual benefit. The union of the people in the political state is an expression of this sense. In the economic field, expressions of co-operation are found in the co-operative and communistic colonies which settled on the land in the latter part of the Eighteenth Century and the early part of the Nineteenth. The oldest of these is the Society of Shakers which was established at New Lebanon, New York State, in 1787.

From that time down to the present there have always been colonies in which the members attempted to carry on their industrial and social life in the spirit of co-operation. They have been occupied in farming and other forms of productive work, owning property, selling their produce, and buying in common. They have come

and gone. Some have succeeded commercially as businesses, but none have succeeded as social enterprises because their principles were of the profit-making type rather than the social. The certain fate of these organizations is either to fail, or, if to succeed from the financial standpoint, to become capitalistic, profitmaking enterprises. So long as they are struggling for success their idealism remains; but as soon as they win what they are seeking, their idealism perishes. Their success is their destruction. This is not only the case with so-called "co-operative colonies" but all collective enterprises of producers whose purpose is to make profits by selling to the consuming public.

The enterprises established by these old organizations were all deficient from the co-operative standpoints. Most were lacking in the fundamental qualities of Co-operation. The others that could be regarded as co-operative were so deficient in co-operative education that their members rarely understood the nature and possibilities of their enterprise.

A new country with limitless opportunities breeds the spirit of individualism. Profit-making business and the eager quest for the dollar dominated the public mind. Each individual hoped to win and to go ahead of his neighbour in the competitive struggle. In no country has the urge of individual profit-making become so strong and the opportunity so great as in North America. This condition engen-

dered a state of mind in which Co-operation did not thrive.

The newness of the country gave rise to fluctuations of population. The people have been restless. They have not remained to live in the neighbourhood where they were born. New neighbours are not good co-operators. The presence of frontiers to the westward, toward which a fluid population could always keep moving, has been an obstacle to the stability necessary for co-operative organization.

The examples of great wealth and the possibilities of "getting on" have always encouraged hope even among the poorest. The idea that any man can grow rich by his own individual actions has deterred people from uniting in a respect which is based upon an acknowledgement of the need of mutual aid, and in which the early rewards are so meagre while the efforts are so great.

The mixture of many races and nationalities, with the differences of customs and languages, has militated also against the union of people in co-operative societies.

The strenuous competition among private tradesmen and the allurements of advertising have won the people to a habit of shopping and bargain hunting until these have become a prevalent form of American diversion and recreation. While competition has kept prices down and has made it possible to find reasonable prices, it has prompted the tradesmen to offer every conceivable inducement

and enticement for the sake of trade.

In a broad sense a Consumers' co-operative society exists every time that a number of persons feeling the same need join together collectively to satisfy it better than they could do by individual means. It would follow, therefore, from this definition that every Consumers' society has for its object production, since to supply any need it is necessary to produce, and, indeed, that is the aim of consumers' co-operation, but, as a matter of fact, it only achieves this at an advanced point in its evolution. In its beginning a consumers' co-operative society is satisfied with buying the requirements necessary for its members; it is a shopkeeper long before it is a manufacturer. Generally a beginning is made with the most important of all needs, the supply of foodstuffs, or in one of the particular branches of this general need, such as the supply of bread, groceries. Thus, Monseigneur von Ketteler, Archbishop of Mainz, said that the question of co-operation is summed up in the simple question of food supply; but that does not belittle it.

If the Consumers' society has no other aim but to enable the working classes and the poor to feed themselves better, that would be no small thing. To convince oneself that that is not a negligible end it is sufficient to consider: (1) that a considerable proportion of the working-class population (which Messrs. Charles Booth and Rowntree estimate at

27 to 30 percent in English towns) do not get the minimum wage necessary to buy the number of food units required for the maintenance of the human body. (2) That the means of purchasing at the disposal of the workman—already very small—are further wasted by his inability to use them with economy. He buys in small quantities—a half penny worth of sugar or coffee—from some small hucksters, whose goods are sold third or fourth hand, deteriorated in quality and raised in price, each middleman having taken his profit on the way. When he is forced to buy on credit he submits, either through ignorance or through apathy, to all the frauds which the fierce struggle for life forces on hucksters as poor as himself. He has even to pay an insurance to the shopkeeper, in the form of increased prices, against the insolvency of those of his comrades who do not pay. These conditions are so unfavourable that, as has been pointed out with savage irony, "there are not many rich men who could afford themselves the luxury of buying under same conditions as the poor."

Consumers' co-operation, above all when it is supported by strong purchasing federation, sweeps away all this misery. If a society aims at cheapness only it can sell goods well below current commercial prices, and even if, as is generally the case, it sells at the ordinary trade price, the consumers buy goods of better quality—more nourishing food and more lasting

clothes—and also gain an increase in quantity resulting from just weights used for bread, for meat, for everything. It becomes an institute of social hygiene of the first order, and certainly has been one of the factors in the remarkable decline of tuberculosis in England.

What makes the success of consumers' co-operation is the very fact that it's ends are most varied. Whatever is wanted of it can be obtained. It lends itself with marvellous ease to any social aim, even the most diverse—sometimes, it must be avowed, the most antagonistic—so that we must choose between them. As we shall see, one can seek in consumers' co-operation either cheapness or an increase in alienable fund for social benefits; but one cannot seek all these results at the same time.

It is noticeable that besides the direct aim co-operative societies set before themselves they can serve indirectly all aims by the direction in which their funds are used. Thus we shall see the socialist co-operative societies in Belgium and in the North of France using their funds for political propaganda. Those Jews who are known as Zionists have formed a consumers' society in London, for which thirty percent of the profits are devoted to the development of the Zionist movement, that is to say, to laying the foundation of the new kingdom of Jerusalem; this is surely an unforeseen object of co-operative effort—others such will arise.

French economists who have concerned themselves with consumers' co-operation considered at first that it's only end was saving but today that idea is quite out of date.

In what does co-operation differ from mutuality? Has not that also for its end the providing for the satisfaction of certain wants, as in the form of sickness benefit, old age pensions, burial societies, etc.? Doubtless they are sisters, in that both spring from the idea of mutual aid and solidarity, but their features are very different. Mutual aid societies fight against risks which threaten human life—sickness, old age and death;—they are of a philanthropic nature, and were formerly called "brotherhoods." Co-operative societies have for their object the providing for the needs of every-day life by new economic means; they are businesses in the true sense of that word in political economy. This difference of aims is so real that French law has had to make different codes for the one and for the other. Mutual aid societies have one special form of legislation, co-operative societies another; for the one capital is required, for the other, periodical subscriptions are enough. When it is a question of societies for the insurance of goods—such as fire or live stock insurance—or even credit societies, i.e., societies for the borrowing of capital, the words "mutual aid" and "co-operative" society are used almost indifferently.

The immediate aim of co-operative societies is to satisfy the needs

of their members better and more economically than is done by existing institutions; for example, if the need be bread, to furnish it of better quality, and more cheaply than the bakers can supply it. Is their claim to do this well founded? It seems at first sight very daring, for it is probable that simple consumers, can make bread or supply any other service cheaper and better than the bakers or members of the trade? Is not that a contradiction of the great law of the division of labour and a Robinson Crusoe, or to a feudal family who had to provide for all their needs by their own exertions?

That is the objection on which the economists lay stress; yet the experience of nearly all countries for the last half century, vouched for by countless successes, has proved indisputable that the claim made by co-operators is well founded. No doubt the co-operative business is heavily handicapped, first of all by the lack of technical capacity, and even more by the lack of personal management, of "the master's eye." The manager lacks the stimulus of individual profit, whether he be a salaried official or even a philanthropist.

But, on the other hand, a co-operative society, having to provide for the needs of its members only, can do so with certainty, particularly if its members are conscientious and loyal in purchasing from the store. It has not to run the risk of bad speculation and of bad stock which must be sold at a loss. Be-

sides, the co-operative business, as it does not need luxurious premises—since it does not appeal to the public—and as it runs no risks of bad debts—since it does not usually sell on credit—is freed from the two heaviest expenses which weigh on ordinary commercial enterprises. Finally, a co-operative society can often obtain the services of honest, capable, and devoted managers at a far lower price than capitalistic enterprises have to pay. One of the former directors of the English Co-operative Wholesale Society, Mr. J. T. Mitchell, in replying to an American economist, Graham Brooks, who asks him how he was satisfied with so small a salary, said, "I enjoy the esteem of my colleagues; I have great power; I have great faith in the co-operative ideal. These things satisfy me." By these means co-operation brings into the economic order and places at the service of industry a new and very powerful factor—disinterested energy.

These factors are enough to balance all the disadvantages resulting from the inexperience of its managers, and, in the struggle against the traders, have given the advantages to co-operation. In fact, contrary to general belief, one does not find more failures among co-operative societies than among ordinary traders, and where statistics are procurable they show that co-operative failures are fewer. The co-operative review of Hamburg (*Konsumgenossenschafts Rundschau*), in its number of January

the 18th, 1908, commented on the official statistics of failures in the German Empire for 1905-06. In capitalist enterprises with share capital there were 24 failures, out of 4,952 companies, a proportion of 4.85 per 1,000, and there were 27 failures out of 25,714 co-operative societies, which is a proportion of 1.43 per 1000. True, the majority of these co-operative failures were credit- and not consumers' societies, which would make the average still more favourable; but, on the other hand, it should be noted that the statistical returns of the capitalist concerns refer to large businesses only, and not to small traders, and that the latter are the ones whose failure are most frequent.

As for saying that co-operative organization abolishes the division of labour and brings us back to the primitive times when each man was constrained to produce for himself everything essential for his needs, it is true insofar as one can say that a consumers' co-operative society is an enlarged family which—as was formerly the case, and is the case today on certain farms—makes its own bread and jam, and which also spins, weaves, washes, etc. . . Yet it is not the consumer himself who does all that, but specialized workers, preferably members of the societies. If the division of labour is abolished from the economic point of view it remains in full force from the technical point of view, and that is enough to ensure progress.

One may say that co-operative association confines itself to transforming that co-operation which already exists in a latent state in all human society into conscious, organized co-operation. It is one of the favorite themes of economists to point out how the play of individual efforts produces involuntarily a general harmony; unfortunately, facts prove this harmony is often but a frightful discord. The co-operative society's role is to make each man play in tune; it is the conductor of the orchestra.

The function which we have just indicated as characteristic of consumers' co-operation—the economical satisfaction of all needs of life—suffices for the greater number of societies in the world today. Moreover, by itself it would be enough to make co-operation a factor of importance in economic evolution and to gain for it an ever increasing number of supporters, not only among those workers whose wages merely suffice to maintain life, but also among the middle classes, officials, clerks, or persons of small private means who are crushed between the increase in their needs—owing to the spread of luxury—and the decrease in their incomes, by reason of the increase in taxes and the depreciation of Government stocks.

If the greater number of co-operators only seek from co-operation the means of living better, there are a small number in every country where the co-operative movement has made headway, who seek some-

thing more than it,—the attainment of greater justice in economic relations. It is not for nothing that the Rochdale weavers called themselves the "Equitable Pioneers." They did not content themselves with seeking from co-operation an increase in comfort for the poorer classes, "the chicken in the pot," promised by King Henry IV. They sought to find in it an instrument of economic transformation, not only in the sphere of exchange, but also in that of production and division of wealth which had as its foundation a competitive system of production would form a highly unstable, perhaps uninhabitable edifice. They also sought to find in co-operation an equitable division of wealth enabling the consumers to keep for themselves all the gains of inauguration of a new system of the enterprise. Their system is the division of wealth; it would mean that capital would have no more profits. Co-operation therefore, means nothing less than an economic system destined to supersede capitalism by mutual aid, but no more like the earlier "domestic" system.

Co-operative association brings with it the hope of moral progress; but in abolishing the pursuit of profit as the only real motive of economic activity—substituting for it the sole aim of satisfying needs—whilst abolishing advertisement, lying, cheating, and inducements to extravagance, co-operation will succeed in establishing in business a reign of truth and justice; in short,

it will establish the "fair price." If we sought to define the object of co-operation in two words these last would be enough.

No doubt economists will reply that to seek such an end is unscientific because neither co-operative association, nor even the State, has the power to fix a "fair price," or any price. Only the economic factors known as "the law of supply and demand" are able to do this.

Still, the fixing of prices is more and more the end sought by commerce and industry; they seek to safeguard prices from the fluctuations caused by competition. It is for that reason that the fixed price has become the rule in all the big markets and that the manufacturers themselves tend more and more to compel shopkeepers to sell goods bearing their trade-marks at a fixed price, by forbidding them to sell below the price marked. This system, which has spread widely in North America—under the name of "price maintenance"—has hardly yet appeared in France, except amongst chemists—for patent medicines—and among publishers.

But the fixed price has nothing to do with the co-operators' "fair price"; instead of eliminating profit it increases it, making it a direct element in the price of goods. If this system becomes general the consumers will be absolutely handed over to the discretion of the producer. That is why it must be answered by the co-operative system, which also tends towards fixed prices, but prices fixed by the con-

sumer, and forbidding sale above the price marked.

We shall see, later, by what developments of co-operative association it is hoped to produce these great results, but we can say at once that it is by asking co-operators to give up, either wholly or in part, the individual economies which they gain from co-operation, or, at least, to deposit their annual savings in co-operative hands and to use the collective capital thus constituted to erect factories, the profit from which up to now have gone exclusively to those who possess capital. It is not a question of expropriating the capital already in the hands of the capitalists, but one of forming new capital for the working classes.

The amount of extra money divided among the members depends upon somewhat complex conditions:

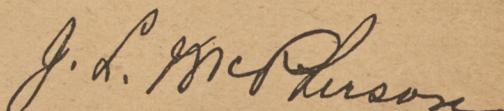
(1) It obviously depends upon the good management of the society. It is very evident that if the society is badly managed it will suf-

fer the fate of all badly managed businesses, it will not make any profits, and consequently will have nothing to distribute. When a society pays no dividend or a small dividend it may be on principle, as we shall see later; it may be, and more often is, simply owing to incapacity, bad management, bad accountancy, dishonest employees, undue increase of running expenses, and lack of experience in buying, supplemented by the absence of a wholesale society, etc....

(2) The rate of dividend also depends upon the loyalty of the member in using his co-operative shop. The loyalty of the co-operators, above all that of their wives, who, in fact, have entire charge of the purchases of the household, varies greatly. Even in the most active societies there is a large number of members who only deal at rare intervals, either because of their distance from the shop, or from apathy, or the commonest of all motives, because their wives prefer to buy things from the "grocer around the corner."

To the electors of the Vegreville Constituency

I wish to extend to you, one and all, through the columns of this worthy adventure, "Alberta Social Credit Commentator," best wishes for the season, and to assure you your Government is doing its utmost to make the coming year a more prosperous one.



Ryley

The Rise of Usurers and Their Power

By James H. Hodson

Money is a convenience and not a necessity for production. Basically, money was never essential to production, but nations have allowed a system to grow up under which it is impossible to produce anything without money. In the absence of consumable commodities, money is quite worthless. The price which has been arbitrarily fixed on gold must not be mistaken for value. The actual commodity value of gold is much nearer to five dollars an ounce than thirty-five dollars which price was fixed by President Roosevelt when all the financial institutions in the United States became bankrupt because there were claims for three hundred dollars worth of gold for every dollar's worth of the yellow metal with which to meet the claims.

A fallacy that has become most firmly established is that scarcity creates value and that plentitude destroys value. This is not true except where necessity, in all its degrees, makes its influence felt. The two most valuable elements are the most abundant. They are generally available. One costs nothing, being free to all, the other is only costly because of convenient services which have been established. These two elements are air and water.

Fortunately for us the financial system has not been able to get control of the air supply. Many communities, however, have not been so fortunate with regard to water. In these communities water has been made subservient to the demands of gold and pays tribute to it. No doubt, if air could have been impounded it would have been made available through measuring devices and the charitable called upon to pay for a supply to the very poor. This speculation is fully justified by the fact that no one may appease his hunger, that he may live, until the demands of gold have been satisfied. And this despite of the fact that the sun's power which makes the production of all food possible, and sustains life itself, is given to the world without charge; and is the only other valuable commodity that the financial system has been unable to control, sell or lay tribute upon.

It may be said that the foundation of our present disastrous financial system was established in 1692. It was in this year that the Bank of England was set up for the immediate purpose of lending the King of England sufficient credit to enable him to pay for a war. This credit was based on the bank's possession of gold. Not that gold had any real economic value, but because gold being more desirable than any other metal and a convenient form of portable property, it had served as a medium of exchange for many centuries.

The Bank of England was set up as a money and credit merchandising agency. Previously the custodians of individual wealth, in the form of gold has established the custom of issuing more claims on gold than actual metal on hand. Here then was a great opportunity for the usurers who were condemned by Moses and other major prophets of the Old Testament. The King who was head of both Church and State was ready to lift the ban on their trade which hitherto had been subject to both ecclesiastical and temporal penalties. Money-lenders were subject of social ostracism. The terms of this first bank-loan were extremely onerous, the charge was set at eight percent on six and a half million dollars, and the bank received \$20,000 per year to manage the loan. Up to this time Kings in debt had been in the habit of using the laws against usury to confiscate the wealth of rich money-lenders, for though usury was forbidden it flourished in the same way as bootlegging and illegal gambling does in this day.

We are told that William Patterson who founded the Bank of England was a peddler of Scotland and later in life became a preacher and lastly a buccaneer operating in the West Indies. He was a man of many ideas if not of great principles and knew how to make a profitable bargain. He stipulated that the bank loan should be perpetual and as the King was pledging the property and taxes of his loyal subjects it appeared to him proper to agree to the terms and so be relieved of the responsibility of redeeming the loan.

This was a happy arrangement for the money-lenders who were about to pack up and leave the country as it was wise to do,

whenever the King was short of money. They laid the foundation for their social ascent by subscribing to the stock of the new bank. Their calling had been suddenly made respectable. Now they could settle down in the comfort that their wealth assured them and the security which the striking from the criminal calendar of their usurious practices gave.

These were happy days for the lenders, but sad ones for England and posterity and the world into which babies now are born in debt to the system that was sponsored by William III of England.

The stock-in-trade of banks, in the early days of banking was more honest and substantial than it is today. They dealt in metal money and bills of exchange. There were no cheques drawn on book-entries. The bankers had not yet learned the trick of making a loan of credit into a deposit upon which to make more loans at good interest. Governments were yet to be inveigled into borrowing money, which the government alone could authorize, from private institutions which were later to be given the prerogative of the crown in all monetary matters except that of actual coinage of metal money.

Unless the minutes of the meetings of the House of Rothschild have been carefully kept and will some day be published, the world will never know how ruling princes and democratic parliaments were persuaded to give financiers the sole control of the credit of nations and the issuance of money, and to help the House of Rothschild to make money scarce, for it was that financial establishment that induced the British Government to demonetize silver in 1816 and who in 1873 sent an agent to the United States with \$500,000 with which to bribe congress to destroy the bimetallic standard for money.

With the gold standard established in a gold starved world, the House of Rothschild gathered the gold into their vaults and following the example of the goldsmiths of London issued paper money up to ten times the amount of gold in their possession. This practice, of course, in any other line of business, would have been regarded as a criminal offense.

Industrial expansion since 1844 has outgrown the gold standard financial system until the percentage of gold in relation to world wealth is extremely ridiculous. With silver arbitrarily demonetized and in the absence of a sufficient supply of gold the desire of bankers for a scarcity of money achieved, possibly to a greater degree than even the bankers anticipated, but they had a more profitable scheme than recommending a return to bi-metallic standard of currency by which to carry on the commerce of the world. By raising the price of gold they increased their own wealth as well as making it possible to lend greater amounts at interest. This was easily done, for the price of gold was set each business day in the office of N. M. Rothschild & Co. of New Court, St. Swithin's Lane, London, England. This power over the price of gold was taken out of the hands of the Rothschilds by President Roosevelt in 1933, when he raised the price on gold from \$20 per ounce to \$35. This operation is a demonstration of how wealth can be created by the stroke of a pen under the present so-called sound-money-gold-standard-system of finance.

We get a glimpse of the heights to which money-lenders rose in the social world and to positions of power from the Epilogue of Count Corti's second volume of his "Reign of the House of Rothschild," which reads:—

"During the Egyptian crisis, which preceded the occupation of Egypt by the British in 1882, the Rothschilds rendered the British Government services for which it was grateful, although without failing to remember their own financial interests; they granted the Egyptian Government a loan of 8,500,000 pound sterling, which was guaranteed by Great Britain. Gladstone's government rewarded their action by raising Nathanael Rothschild to the House of Lords. He was the first Jew to be a British Peer. Even Queen Victoria, who had been exceedingly cold to the Rothschilds, changed her attitude and Ferdinand Rothschild, Lionel's son-in-law, had the honor of receiving the Queen of England in his house on the 14th of May 1890 . . ."

"The House of Rothschild was now more firmly established than ever. It was possessed of enormous wealth, and enjoyed

the highest social prestige, whilst almost all of its great rivals had disappeared from the field."

To consolidate their position, Count Corti tells us, that while the sons of Rothschilds married jewesses, Constance, the daughter of Anthony, married Lord Battersea in 1877 and Anna married a son of the Earl of Hardwicke. In 1873 a daughter of Mayer Nathan Rothschild married the Earl of Roseberry, who afterwards became the Prime Minister of England.

The money-lending family of Rothschild are now the friends of royalty and the advisors of democratic governments. Their influence permeates the world and is paramount in finance. It is small wonder then that as gold became more and more inadequate to serve the commercial needs of expanding industry, that an inexpensive method of meeting those needs would be found while keeping control over the issue of money so that it would foster the debt-creating system and keep pace with a quickly growing demand for government and commercial loans.

And so the cheque system was introduced. This is a very simple and ingenious method by which a bank can lend credit to a customer in which transaction only the merest fraction of either paper or other money is required. Generally speaking the business of a modern nation is carried on with 95 percent of cheque money and 5 percent of coin of the realm. But to keep money scarce the mythical value of gold had to be preserved, and to do this it was necessary to see that all students of economy at colleges and universities be mistaught. The marvel is that this, too, was successfully accomplished. It is only recently that men who have spent a life-time in the study of the financial system have arrived at the truth and have had courage enough to declare it to the world. Among these are J. Maynard Keynes who was financial adviser to the British Government and an author who has done much to enlighten the world on a financial system which has up to now been hidden behind a manufactured fog of deceit.

The Bank of England has long reigned as the premier banking institution of the world. But it is also an institution whose ownership is shrouded in mystery. In the proceedings of the royal

commission on Banking and Commerce which sat in London under the chairmanship of Lord McMillan, the chairman would not allow the deputy governor of the bank to reveal the names of the share-holders. This was done on the grounds of public interest. However, in view of the fact that the Rothschilds have long dominated in European finance it is not difficult surmise that the owners of the Bank of England are the members of the same family. In any event we know that Lord Bessborough is a member of the Rothschild's family by marriage and that he was sent to Canada to be Governor-General during the period of negotiations which resulted in the establishment of the Bank of Canada, the eleventh central bank to be established throughout the world. We also know that failing to get a governor for the Bank of Canada from England, owing to Canadian objections, we see an ex-secretary of the Bank of England installed as deputy-governor who together with the governor and one director have almost complete control over the financial policy of the bank and, through the Bank, the policy of the government itself.

Mr. Graham Towers who graduated from the Royal Bank of Canada was made a governor of Canada's Central Bank. He is a comparatively young man, and no doubt has a great deal of respect for his deputy who came from so venerable an institution as the Bank of England. It is to be noticed, however, that before taking up his duties in Canada he spent several days with Montagu Norman who a few months previously had expressed his bewilderment with regard to the economic collapse into which the whole world had fallen. We, Canadians, might ask if Mr. Towers is to absorb Mr. Norman's bewilderment and uncertainty while the deputy-governor of our central bank gets clear cut instructions from the inner circle of the family which has so long ruled the financial world.

We know that the Bank of England is much interested in the various central banks in British Dominions, for Montague Norman bragged about his part in establishing them. In a speech he made at a banquet in London which was given in honor of the Rt. Hon. Neville Chamberlain, British Chancellor of the Exchequer, Mr. Norman said:

"I want you to cast your minds back four or five years to a time when in the dominions there were no central banks. I wish you to realize that beginning with Australia and South Africa, there have now been added to those, eight central banks actually in being or in course of being started in New Zealand, India, and Canada."

Then Mr. Norman reveals the fact that he had such a vision of these banks which materialized and was called a fool for his idea. The desire of the banks is to give service, the banker said, but what the people of the dominions should know is exactly what kind of service. Many people of the Dominion of Canada and especially the people of the Province of Alberta are beginning to believe that the Central Bank in Canada can render no service which its own government cannot render just as well, and at much less cost than any institution which is so closely allied with the interest of the House of Rothschild, whose only interest in Canada is in what is to be made out of her.

Mr. Vincent Vickers who served on the Board of Directors of the Bank of England in a pamphlet he wrote, "Finance and the Melting Pot," says following:

"At the bank I learned nothing of the momentary policy, and I did not know even what it was."

This from one who was a director of the most important financial institution in the world is a staggering revelation. It is either a confession of colossal ineptitude or that the Board of Directors were merely a board of puppets set up for decorative purposes to deceive the public, while the policies of the owners of the bank were carried out without even being discussed by the group of men which the British Nation fondly believed were advising their government on intricate matters of all important finance.

There is no doubt about the Bank of England having very definite monetary policies and of its power to force them upon the government of Great Britain. R. Hon. William Ewart Gladstone who was for many years Prime Minister of Great Britain complained:—

"From the time I took office as the Chancellor of the Exchequer I began to learn that the state held, in the face of the bank and city, an essential false position as to finance . . . The hinge of the whole situation was this: the government was to leave the money power supreme and unquestioned. In this I was reluctant to acquiesce and I began to fight it . . . I was tenaciously opposed by the Governor and the Deputy-Governor of the Bank, who had seats in parliament, and I had the city for an antagonist on almost every occasion."

This was seventy-years ago.

Experience as Prime Minister of Great Britain taught Lloyd George to appreciate the unholy power of finance. He expressed this in the following words:—

"Unless representative government is to be entirely discredited a new system must be adopted. At present the President of the Bank of England wields a power that make kings and premiers mere pygmies. He works with the hidden hand of Wall Street whose secret diplomacy in Europe and elsewhere makes an open mockery of the nation's representatives. Up to the present the owners of the vested interests have been so powerful in both the old parties that those clearing the road have failed to cut through the toughest and sturdiest obstacles."

Woodrow Wilson, President of the United States, felt the same pressure when he was in office. His sentiments were expressed thus:—

"A comparatively small group of men control the water power, railroads, banks, prices and the larger credits of the country. There is hardly a part of the United States of America where men are not aware that secret private interests have been running the government by, for and of, big business with its completely subservient employees in the White House. Yes, and invisible government has erected itself above the forms of democracy."

The same system of financial control of government, it is thus made evident, crossed the Atlantic to take toll of the vast agricultural and industrial expansion which was bound to develop.

No doubt the House of Morgan if not directly controlled by the House of Rothschild had a working agreement. It is evident from the evidence of Lloyd George that the House of Morgan took part in European financial affairs and major international transactions.

Neither Gladstone, Wilson nor Lloyd George were able to overcome the power of finance and administer the affairs of the nation in the best interest of the people as they saw was their duty, which they were not allowed to perform.

Thomas Jefferson saw the danger in the Eighteenth century and his democratic successors have been consistently frustrated. Here is Jefferson's warning:—

"If the American people ever allow private banks to control the issuance of their currency, first by inflation and then by deflation, the banks and the corporations which will grow up around them, will deprive the people of their property until their children will wake up homeless on the continent their fathers conquered."

England was first forced off the gold-standard in 1914 when too many people wanted the gold which the Bank of England was supposed to have to meet the promises to pay. The bank not having the gold was bankrupt but not adjudged so. For gold, was substituted paper-promises to pay intangible pounds. These were issued on the credit of a wealth producing nation by virtue of its people's power to produce real wealth.

The British Government had it been properly advised at that time would have taken over the bank and all its functions. Had it done so it would have saved something like \$80,000,000,000 to its people, that is the people of Great Britain.

Instead of taking charge of its financial machinery in a time of the country's greatest emergency it proceeded to enrich the failed and bankrupted banking institution, by issuing forty billions in credits, giving the huge amount of credit to the bank, who promptly charged it to the nation and has since collected more than forty billions of dollars in interest from the British people

and still owe the original forty which costed the bank nothing but the charge for printing the money-bills and were signed by the comptroller of currency Mr. "Bradbury."

After that colossal piece of blundering on the part of a war-embarrassed government and not knowing anything about the secret methods of finance, the British Government brought almost complete financial collapse on the country by re-establishing the gold-standard in 1925. The Rt. Hon. Winston Spencer Churchill was then Britain's Chancellor. He is no fool and neither were his colleagues of the cabinet. It would be most interesting to know in what terms were the blandishments couched which induced the smartest men in England to commit the most colossal economic mistake in the world's history.

It was a chastened and regretful Mr. Churchill who in 1936 admitted his error before the British House of Commons when he said:—

"Great Britain has shaken herself free from the Gladstonian structure and tradition of finance. Now we are a protectionist nation with a substantial tariff, which we should no doubt raise higher as the years go by. The gold-standard was not only dead but has been relegated for a long period to purgatory. We have no sinking fund except a small fortuitous balance of the last year's surplus. We have dealt with the American debt in a manner which nobody would have tolerated in the years when I was chancellor."

But it is becoming increasingly evident that while Great Britain is freer from the domination of the great financiers, it is far from free from their influence as witness the hope of the Rt. Hon. Neville Chamberlain, present Chancellor, who quite recently expressed a hope for the re-establishment of the gold-standard.

Many erroneous opinions are held because of the fallacy with regard to the supposed wisdom of our financial rulers. One would expect the highest sort of knowledge and wisdom, especially in respect of finance. Let us see how much wisdom there is to be found.

Here is the opinion of Bagehot, a famous economist who is regarded as one of the brightest minds of his times and an orthodox

economist of enduring repute. He said of the evidence given by the directors of the Bank of England in 1810 at an enquiry on the issue of currency:—

(their opinions) "have become almost classical in their nonsense."

That of course is rather ancient history, but we have that historic admission of Mr. Montagu, Norman, Governor of the Bank of England, that he was utterly bewildered and confused by the continued depression. We have also on record Lord Cuncliffe's, ex-governor of the Bank of England, utterly fantastic calculations as to what amount of indemnity Germany should pay for her part in the Great War. This gentleman's estimate was many times the amount eventually fixed upon and which, as we know today, was ridiculously beyond the power of Germany to pay.

Because of Mr. Vincent Vicker's admission, previously quoted, that he learned nothing of finance while a director of the Bank of England, he is possibly out of court as an authority. Nevertheless, seeing that he seems to have learned more outside the charmed circle than when he was in it, we venture to give his opinion on the return to the gold-standard in 1925. He called it, "the greatest financial blunder the world has ever known." In his pamphlet he also draws a picture of Prime Minister Baldwin poring over a financial petition of which he has no grasp of its meaning, and adds that "experience has taught him something of the mentality of the powers that be and their reluctance to change."

As we know, however, changes do come about. For instance at one time the Royal Mint in London which is owned and operated by the British Government included the Royal Mint Refinery. In some mysterious way and without the least publicity this refinery passed into the hands of the N. M. Rothschild & Co. in whose office the price of gold was set each business day and from whom, and to whom, the Bank of England bought and sold its monetary gold. The refinery might have passed into the control of the House of Rothschild while Mayer Nathan Rothschild's son-in-law, the Earl of Roseberry, was Prime-Minister. However,

the Deputy Master of the Mint could give no information when and how this important institution came to be privately operated and controlled.

Of, course, it was very convenient for the interests who made it their business to control the gold of the world to have all the unrefined gold pass through their hands; to recover the rare metals which are found in it and to add the proper amount of baser metals that are necessary to bring it to the standard of fineness. And think of the convenience of knowing just who owned different consignments of gold and to where the refined metal was consigned. Such little matters as these seems never to have been overlooked. The funny thing about this refinery is the secrecy which surround it.

The whole present financial structure depends on the gold myth. It is upon that the Bank of Canada was founded, and its amazing set-up made possible. At the recently held annual meeting of the Bank's shareholders, Graham Towers, the governor, told the gentlemen and ladies present of their wonderful luck and how they had become possessed of a huge chunk of wealth which was released out of the people's treasury.

On the strength of a mere subscription of \$5,000,000 for bank shares the Dominion Government handed over to the bank \$69,455,439 in gold, \$986,363 in silver and a block of Dominion Bonds to the par value of \$1,150,131,637. In return the Bank of Canada undertook to procure some nice new bank-note-paper and have a number of plates engraved with pictures of royal persons to whom the people are very loyal; surround these with suitable scrolls and curly-cues, insert figures to denote the number of mythical dollars to be given for each of these paper-notes and to redeem with these new bills, the old Dominion bills which were issued to a total of \$185,444,539. Of course, anyone would have been very glad to do this, but only through the House of Rothschilds are such financial plums distributed. In this way the Dominion Treasury has been completely emptied cash and its of right to create paper-money on behalf of the people given to a privately owned banking institution.

Canada is a large gold producing country, and it is interesting to observe how little the people of Canada benefit from it. F. B. Housser, financial editor of the *Toronto Star* informs a correspondent that the government buys gold and pays for it by cheque. Some of it then may be used to reduce its loans from the Bank of Canada; you see the Bank of Canada is now in a position to lend the government money, "for any gold," the editor writes, "it may deposit in the central bank to its own credit naturally reduces its overdraft." "But, he continues, "practically all the gold government buys is exported. This is proved by the fact that the gold holdings of the central bank have not increased much since the bank was established. The gold holdings of the bank standing a \$180,000,000 which it got from the treasury, the banks and through appreciation from \$20.64 to \$35 per ounce."

In commenting on this statement the "*Ottawa Citizen*" says:

"An ironical fact, of course, is that much of Canada's gold finds its way into the vaults of London and New York Banks where it is used to "back" credit created for loans to governments and others. Canada therefore may borrow credit on its own gold."

Under the Rothschild dispensation and peculiar financial philosophy it would be entirely unorthodox, unsound and demoralising if the government used its own gold to create credit for its work and services. No, that would be entirely wrong, even if the people do starve and the government has to borrow huge sums of money to keep them alive. If the financial editor of "*Toronto Star*" is correct when he says the government buys gold by cheque, his inference that the deposit of gold in the Bank of Canada reduces the overdraft by more than the amount the gold-purchasing cheque increased the overdraft, is misleading. But that is a small matter. When the government turns over the gold to the private-public central bank, the bank is given as asset upon which it is authorized to issue currency to four times its value. Canada has produced more than \$100,000,000 in gold this year. It has been

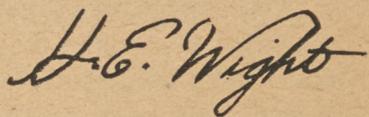
all turned over to the Bank of Canada. With the gold reserve the bank presently holds, the government could, if it would, order the bank to advance \$1,500,000,000 for public purposes on a sound basis, according to the present rules of the international financial game; seeing that that money would be from assets belonging to the government which were given to the bank there is no excuse to demand interests on such advance. If this were done and a straight bookkeeping with regard to the Canadian National Railway loans from the government both the national debt and the C. N. R. bogey would be diminished in both volume and importance.

But what was the purpose of the chain of central banks in which the Bank of England took such a paternal interest. There seems to have been no really frank statement made on this subject. The world's commerce and industry were carried on a good many years without these institutions. Can it be that the main purpose is to get the world's gold out of the possession of governments as soon as possible and under the control of international finance so as to remove the temptation of monetizing it according to the financial formula laid down at the World Conference in London where the issue of money was put on a four to one basis. In this way it would make easily possible the extinguishing of Canada's national debt in a few years.

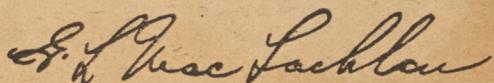
If this were done, of course, gold mined in Canada would remain in Canada and if it remained in Canada it would not be in a position as assets of the great banks of New York, Paris and London and used as a basis for lending money back to the nations which produced gold.

It will be interesting to watch the maneuvering of the international banking interests in the face of their defeat at the United States polls on November the 3rd last. With the greatest part of the world's monetary gold locked up in the vaults of the United States, not in the vaults of the banks, even the shadow of gold, upon which the debt-creating system of finance rests, is getting faint.

Democracy is being condemned because of its failures, and its failures are wholly due to the power of the "invisible" government which has erected itself above the form of democracy, which President Wilson discovered while in the White House and which President Roosevelt is endeavoring to rout out.



A little over a year has rolled around since Alberta elected a Social Credit Government pledged to change from the Old to the New. Much has been done between the last New Years Day and the coming one to place this Province closer to the goal we have in view, that of giving the people of this province the benefits of the circulation of their own debt free, interest free credit. Truly this New Year will be the happiest and most hopeful Alberta has ever had for we begin to see brightening dawn of the new Prosperity of the New Economics.

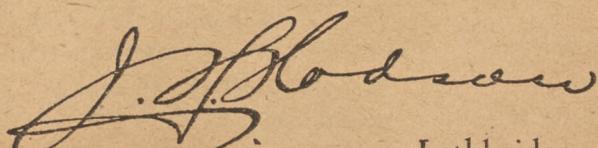


Sedalia

* * *

Greetings and Best Wishes

May we offer thanks for our success. Let us resolve to make this year void of prejudices, politics and selfishness, uniting our efforts for a common good and uplift of mankind, remembering the Christian ideals of our Premier and his unselfish devotion to the cause of the People.



Lethbridge

An American Study Plan

Among the many plans for study of Social Credit submitted to this magazine the one outlined by Mr. Dallas D. Johnson, 1502 Sunset Avenue, Seattle, Washington, is one of the best that ever was presented. Mr. Johnson who is president of the Washington Social Credit Association has included in his plan not alone a complete study of Social Credit, but also an explanation of the present function of the financial system and has managed to make the study outlined by him, so short that it will only cover eight meetings. The plan is divided into six sections and section one is estimated to be finished at one meeting, while two meetings will be required to finish the course outlined in each of the following three sections. Section Five and Six can be finished together in one study-meeting.

This plan has been followed by many of the leading Social Credit Associations in United States and we recommend that it also will be adopted by Social Credit groups in Canada, especially in the provinces where Social Credit is just beginning to spread.

Should any group or individual desire to obtain more information concerning which we are printing here, then Mr. Johnson will be willing to accommodate them or information can be received by writing this magazine's representative for the United States, Mr. P. L. Gagnon, 1308 Summit Avenue, Seattle, Washington.

THE STUDY PLAN

Section One:

The background of the banking and monetary system.

- i. The change from the economy of scarcity to the economy of abundance.
- ii. Some basic principles and concepts:
 - a. Function of an economic system
 - b. Meaning of "Economic Law"
 - c. The "New Economics"; the financial system; the mechanism of finance; the growth of debt; the trade cycle.
 - d. Nature and use of money. (What is money? What is credit?)
 - e. Consumption, the objective of production.

- f. Our outmoded economic morality.
- g. The meaning of Economic Democracy.

Section Two:

Our present economic problem and its causes.

- i. The problem dramatically represented by the depression is a persistent and continuing problem under our present financial system.
 - a. Due in part to the monopoly of credit by the banks.
 - b. Specifically and primarily due to the permanent "flow" in the price system.
 - c. Augmented by man's selfimposed enslavement to an outmoded economic morality.
- ii. Palliatives used to keep the present financial system from total collapse.
 - a. Minor ameliorative measures.
 - b. Orthodox effective palliatives; bankruptcies; sabotage; increased borrowings, foreign trade, war.

Section Three:

The Social Credit proposals.

- i. Restoration of the control of currency and credit to the people through governmental administration of a national credit account.
- ii. Compensating the "flaw" in the price system through provision of a retail discount to consumers.
- iii. Distribution of a basic dividend.

Section Four:

Contrast of Social Credit proposals with other suggested solutions of the economic crisis.

- i. Objections of critics originate from these sources:
 - a. Disagreement with the chief aim of Economic Democracy.
 - b. Advocates of state control; Socialists; Communists; Fascists; Technocrats.
 - c. Monetary reformers; Soddy; Gesell; Harvey; Henry George.
- ii. Irving Fisher's 100 percent Reserve System for Commercial Banks.

Section Five:

Effects flowing from the adoption of these proposals (Collateral results)

- i. Maximum development of resources.
- ii. Consumer control of production.
- iii. Absolute economic security.
- iv. Intelligent economic nationalism.
- v. Economic Democracy.
- vi. Prevention of war.
- vii. Lower—perhaps no—taxation.
- viii. Science and Technology freed to function under private initiative.
- ix. Labor saving devices encouraged for the first time in history.
- x. Travesty of making “work” instead of making “goods” would cease.

Section Six:

Practical program for securing the adoption of the proposals.

- i. Study of Bills proposed for Canada and the United States.

Un plan d'étude Américain

Parmi les nombreux plans d'étude du Crédit Social soumis à la rédaction de cette revue, celui qu'a tracé M. Dallas D. Johnson, 1502 Sunset Ave., Seattle, Wash., est, croyons-nous, le meilleur jamais présenté. M. Johnson, président de la Washington Social Credit Association, a inclus dans son plan, non seulement l'étude du crédit social proprement dit, mais aussi une explication du fonctionnement actuel du système financier, et s'est appliqué à simplifier l'étude telle que proposée par lui, de telle sorte qu'il suffit de huit réunions pour couvrir le programme. Son plan comprend six sections. La première section est supposée occuper une seule séance, tandis qu'au contraire, chacune des sections 2, 3 et 4 occupera deux séances. Enfin les sections 5 et 6 peuvent s'absorber en une seule réunion.

Ce plan a été suivi par plusieurs des principales associations crédittistes des Etats-Unis et nous recommandons son adoption par les

cercles ou clubs du Crédit Social du Canada, surtout de telles provinces où l'étude du Crédit Social ne fait que commencer.

Si quelque groupe ou individu désire plus de renseignements sur ce plan, il peut s'adresser à M. Johnson lui-même ou écrire au représentant de cette revue aux Etats-Unis, M. P.-L. Gagnon, 1308 Summit Ave., Seattle, Wash.

Détails du plan

SECTION I—Notions fondamentales se rapportant à un système monétaire et financier.

- 1) Changement de l'économique de disette à une économique d'abondance.
- 2) Principes et Notions basiques:
 - a) Fonction d'un système économique;
 - b) Signification de "loi économique";
 - c) L'économique nouvelle; le système financier; le mécanisme de la finance; l'accroissement des dettes; les cycles industriels;
 - d) Nature et usage de la monnaie (Qu'est-ce que la monnaie? Qu'est-ce que le Crédit?)
 - e) Consommation, but de la production;
 - f) Notre mentalité économique démodée;
 - g) Signification de la démocratie économique.

SECTION II—Notre problème économique actuel et ses causes.

- 1) Le problème dramatiquement représenté par la dépression existe d'une façon persistante et continue dans notre système financier actuel.
 - a) Dû en partie au monopole du crédit par les banques;
 - b) Dû spécifiquement et primordialement à la disparité permanente entre les prix et le pouvoir d'achat;
 - c) Aggravé par la servitude volontaire de l'homme vis-à-vis d'une mentalité économique désuète.
- 2) Palliatifs employés pour empêcher le système financier actuel de s'écrouler totalement.
 - a) Mesures légères d'amélioration.
 - b) Mesures orthodoxes effectives: banqueroutes, sabotage, emprunts nouveaux, commerce extérieur, guerres.

SECTION III—*Propositions du Crédit Social.*

- 1) Restauration du contrôle de la monnaie et du crédit à la société, par l'intermédiaire d'une administration gouvernementale d'un compte de crédit national.
- 2) Compensation de la disparité dans les prix au moyen d'un escompte de détail accordé aux consommateurs.
- 3) Distribution d'un dividende basique.

SECTION IV—*Contraste entre les propositions du Crédit Social et les autres solutions suggérées à la crise économique.*

- 1) Les critiques contre ces propositions naissent de trois sources:
 - a) Désaccord quant au fond principal de la démocratie économique;
 - b) Avocats du contrôle d'état: Socialistes, communistes, fascistes, technocrates.
 - c) Autres réformateurs monétaires: Soddy, Gesell, **Harvey, Henry George.**
- 2) Système d'Irving Fisher—100 pour cent de réserve pour les banques commerciales.

SECTION V—*Effets résultant de l'adoption de telles propositions (résultats collatéraux):*

- 1) Développement maximum des ressources;
- 2) Contrôle de la production par le consommateur;
- 3) Sécurité économique absolue;
- 4) Nationalisme économique intelligent;
- 5) Démocratie économique;
- 6) Elimination des guerres;
- 7) Taxation abaissée—sinon supprimée;
- 8) Science et technologie opérant librement sous l'initiative privée;
- 9) Pour la première fois dans l'histoire, encouragement donné aux machines et accessoires libérateurs, à la relève de l'homme par la science appliquée;
- 10) Cessation de l'absurdité qui place l'objectif dans le travail au lieu des produits.

SECTION VI—*Programme pratique pour l'adoption de ces propositions:*

- 1) Etude des projets de loi proposés pour le Canada et les Etats-Unis.

Something Further About Money and Inflation

By John H. Blackmore, M.P., Social Credit Leader in House of Commons.

If the people of the Anglo-Saxon world can ever come to realize fully what money is; what gives it value and how much we need of it, how important it is to us, who creates it and who distributes it and why it is created and distributed as it is; if the people can come to realize how much money we could have and what a difference it would make to them, nothing could prevent them from demanding an immediate change.

In my previous article I explained what money is. We found that we could use a sort of "tag-money" quite successfully, a currency that is backed by goods and services rather than by gold and it was stated definitely that the government should create and distribute the "tags." In this article let us proceed with the study of what money is.

Sir Norman Angell wrote a series of articles last year entitled "Your Money." These articles, published in "The Financial Post," were again printed in pamphlet form. On page nineteen of the pamphlet the author retells the story of a sailor,—who, having come into the possession of a block

of gold, lands on an island, and deposits it with the missionary he finds there with the understanding that it shall be sent to Europe to be minted, as soon as a ship calls at the island and that the coins shall be used to pay the islanders for certain goods which they had supplied him. To assure the islanders of the certainty of payment the sailor gives them "orders" on the missionary to pay a certain sum of money to the native who has the "order" whenever the coins arrive from Europe, and the natives accept this "paper-money" as payment for whatever they sell. The "orders" become generally accepted and are passed from hand to hand as money, although the block of gold has not yet been sent to Europe for minting. In time everybody forgets about the gold since the "paper-money" is accepted without question. The gold might just as well have been a bit of gilded lead for all the islanders knew. But it did the trick and the sailor was wise enough not to "inflate" his currency.

We could hardly have a better story than this one to start our minds along profitable channels of thoughts. Sir Norman Angell

shows no sympathy for Social Credit, but the principles he sets forth in his articles, as well as many definite statements he makes, certainly do help to support the Social Credit contentions.

Suppose that the first "order" which the sailor issued was for three dollars to pay a native for a canoe. Before the native accepts the "order" he interviews the missionary, looks at the gold and is satisfied with the validity of the "order." The native, therefore, accepts the "order" as payment for the canoe.

Later the native gives the "order" to another native for a goat, who in turn purchases bananas with it.

From time to time the sailor writes other "orders," which he uses to pay for different services and commodities and they are accepted and circulated freely among the natives.

How many dollars worth of these "orders" can be issued by the sailor with safety. There are two things to take into consideration. Obviously there must be plenty of goods on the island to purchase with the "money" and there must be the ability to produce enough to replace the goods that have been consumed. Otherwise a shortage of goods would be created, and prices would go up, the same as they do here in Canada, when we have a potato shortage, egg shortage or any other kind of shortage of goods.

Furthermore there must be a sufficient number of natives who are prepared and willing to work,

otherwise the price for labor will rise so high that the price of goods must go up. At the same time, there must be plenty of natives willing to sell and willing to buy goods and services so that there will be a circulation of the "money," so to speak; what Sir Norman Angell calls "exchanges."

Our sailor, then, must not issue more promises to deliver gold than can safely be used through the demand for goods and services. This is the first great consideration.

The second consideration is of course, the number of gold-dollars that can be minted from his block of gold. If the gold will make One Thousand Dollars in gold-coins, the sailor has "backing" for One Thousand Dollars worth of promises or "orders."

There are two kinds of backing that can give value to money. These two are (a) Gold or other valuable metals or materials and (b) goods and services or exchanges or what may be called need for money. That something else than gold can be used as backing for money is a fact which financial interest has tried its utmost to keep from the people.

Now, suppose that we change the story slightly. Sir Norman Angell, in his story, says that the gold never is taken to Europe and that, insofar, as the natives were concerned, it might as well have been lead. Let us imagine, however, that the missionary died and had forgotten to mention where it was hidden. The sailor cannot find the gold

and is at first very worried, but finally decides to say nothing to the natives about the loss of the gold and the paper-money goes right on functioning as before. What is now the backing behind these paper-dollars? Nothing at all except the goods, services and demands on the island and the confidence of the natives.

Then the sailor becomes greedy and begins to scheme how he can issue more of his "orders" without the natives becoming suspicious. So long as the gold block was available every one naturally looked upon the gold as the backing for the "money" and believed that the amount of "money" the sailor could create was governed by the value of the gold. After a time the fact of the disappearance of the gold became known to a few, and the wiser of these began to understand that what gave the "orders" their value was not the gold. They began to see that the value of the "money" depended upon the need of the people for the "money," upon the amount of goods and services available and the demand for these goods and services. Thus they developed a new conception of money. To that extent they had begun to see the truths of the New Economics. They began to see "where all the money could come from."

The sailor, encouraged by this new idea proceeds to issue more and more "orders." How far can he go? How can he tell when to stop? Sir Norman Angell says "and the sailor was wise enough not to inflate

his currency." What was in Sir Norman's mind? Was he thinking of the gold when he said that? If he had had the gold in mind then the sailor's "money" was already "inflated" because there was virtually nothing behind it since the death of the missionary. If, on the other hand, Sir Norman had in mind the goods and services and the producing and the consuming capacity of the island, then he was to that extent thinking in terms of "New Economics." Sir Norman recognizes that the sailor must know exactly how much of goods and services the island has to offer and how much was being used. With this always in mind the sailor could continue to issue and distribute "orders" carefully from time to time, always watching the prices. When prices began to rise he would issue no more "orders" for a while, for the rising prices indicate that his "currency" is beginning to be inflated.

The sailor, in issuing his "money" is at a disadvantage. He lacks any means of scientific approach. He has no way of finding out before hand how much goods there is on the island, what services are available, and what will be the demand of the natives of these goods and services. If he could in some way obtain definite knowledge about these matters he would be able to calculate scientifically just how much money could and would likely be used on the island.

The sailor will gradually become guardian of the finances of the is-

land. He will notice that when there is too much money the economic life of the island is speeded up, resulting in speculations of various kinds too much spending of money with a consequent rise in prices and resulting in an inflation.

On the other hand the sailor will notice that if the goods and services increase faster than the amount of money (either through quantity or velocity increases), then, there will be a fall in prices. This will, in all respects, result in the opposite of what happened in the case of inflation, that is, speculation would stop (no wise buyer buys on a falling market), very little money would be spent for new productive plants, exchanges would take place more slowly, thus velocity would decrease. There would, in one word, be a deflation,—a depression.

Observation of these confusing phenomena would at first tend to confound the sailor, but if he were a clear seeing and well-balanced individual he would be impressed with the thought that money-policy was responsible for these changes. He would agree with Sir Norman's statement about the Chief Money Truth: "This truth is, that when you do increase the quantity of a nation's money out of proportion to the quantity of goods or exchanges to be made, you get a rise of prices; that when you decrease it, you get a fall." The sailor would wisely conclude that surely one of the most important matters among all the affairs of a country is its money. Management of a country's

money is a really sacred duty. He who controls the money and currency of a people controls the life of that people. The controlling of its laws is as nothing compared with the controlling of its money. And the sailor's conclusion would be the right one.

Realizing the gravity of his responsibility the sailor wishes to know with reasonable accuracy (1) how much goods the island will and can produce, (2) how much services it will and can offer, (3) how much of these goods and services the people will and can use. This knowledge would help him greatly in deciding how much money to issue, and if he, in some way, could determine how much money per individual person should be circulated among the people to give the best results for every one, it would be better still. It would also aid him if he could find out what else beside his "orders" were used by the natives as money. Such information could be and has been in our modern times obtained through what is termed as an economic survey.

Any government today surely should have an economic survey. Lacking such, how can those who have the task of administering the money of a nation discharge efficiently, and justly, their duty to the people.

How can they know, for example, such a relatively minor, but evidently very significant set of facts as are shown by the following figures taken from page 66 of "Inflation" by Woodward and Rose,

two American writers? The figures help to show how the American people's need for money has increased throughout the years, also what kind of money they have used. It is noticeable that in 1930 the average person in the United States much money as the average person was using in 1830, one hundred years earlier.

	Currency	Cheque-Money	Total
1834	\$ 5.24	\$ 7.11	\$ 12.35
1860	\$ 9.76	\$ 9.85	\$ 19.61
1880	\$13.93	\$ 44.30	\$ 58.23
1900	\$17.10	\$111.57	\$128.67
1915	\$18.56	\$218.48	\$237.04
1930	\$29.76	\$485.57	\$515.33

One striking thing revealed by these figures is the tremendous increase in the amount of money per capita being used by the people in one century. The increase during the first twenty-six years was relatively small, but during the last fifteen years it more than doubled. In practically every other period it more than doubled. Clearly with the advancing civilization the money needs of the people are growing astonishingly.

There are various reasons why this occurs. What are they all? We should know them. The fearfully effective devices for destroying life and wealth in war we are seeking and finding by scientific research, purposeful and relentless. Why are governments not directing equally purposeful and relentless scientific research for learning some of these economic facts that can bless humanity, perhaps even obviate war? Surely, to suppose that, in this age of wonderful achievements, men

can not be trained to learn the vital facts about money, is highly absurd.

Another conspicuous fact evident from the above figures is that people have rapidly been coming to use far more bank credit or deposits than coin of the realm. This is a very important fact. Before commenting upon it we should discuss, in some detail, certain realities not generally known.

Professor Irving Fisher of Yale University, a very prominent economist, in one of his recent books, "100% Money," divides all money into two classes. They are: Pocket-book-money and Cheque-book-money. To make clear just what he means, let readers recall that we carry in our pocket-books normally, silver and copper coins, and bills. The coins are made in the national mint. The bills might be thought of as paper forms of metal coins. Both coins and bills constitute pocket-book money. This is the kind of money people think of, mainly, when they think of money. Many fail to appreciate the reality and the importance of our other kind of money — cheque-book money. When, in the "good old days" a farmer went into a bank to borrow three thousand dollars, the bankers took his security and then instructed a clerk to enter to the farmer's credit in the bank's books three thousands. He gave the farmer a bank book to show how much credit he had and a cheque-book to use his credit with. When the farmer wished to buy a cow, say, he

wrote a cheque in favor of the man from whom he bought the cow. In effect the cheque said, "Mr. Banker: Please take off one hundred of the dollars you have put to my credit and add them to the credit of Anthony Andrews which is payment for a cow I bought from him." When the cheque came into the bank, a clerk wrote one hundred dollars off the three thousands that stood in the farmer's name, leaving him 2900, and added one hundred to the figure that stood in Andrew's name and the transaction was completed.

In this case, most people, perhaps, would imagine that three thousand dollars of actual tangible money have been put, as it were, into a drawer for the farmer; also that when the cheque came, a hundred of those real dollars were moved from the farmer's drawer into Anthony Andrew's drawer. This is not at all what happened. The bank-clerk merely wrote the different amounts of money into different banking books and that is as close as those transactions ever came to real tangible money. A strange kind of money indeed, a kind of money that has come into use during the last century. Because this new kind of money is so common, people are likely to find money rather bewildering. But we must comprehend it. It will help us, perhaps, if we look at it in the following manner: A banker opens his doors on Monday morning with one thousand dollars worth of coins

and bills in his vault. On that day at eleven o'clock a merchant comes in and borrows one thousand dollars. The clerk writes in a book that the merchant has one thousand dollars and by using cheques the merchant can purchase whatever he wants, the same as if he were using tangible money, but the coins and bills remain untouched in the bank-vault. This, to the uninformed, seems preposterous, but it is absolutely true. At 2 o'clock a broker borrows another one thousand dollars and it is again written in the books that he has a thousand dollars in the bank, which he can use as he likes, and still the only thousand dollars worth of bills and coin the banker possesses is safely in the vault. So the mill keeps turning and soon the banker has lent to various persons nine thousand dollars and has still his own one thousand left. These nine thousand dollars that were borrowed from the banker are circulating in the community and are as well able to purchase goods of any kind as if they were gold-dollars or any kind of money coins or bills. And every one of those nine thousand dollars have been created by the banker just as though his bank were a mint and it had been silver dollars he minted. These dollars are cheque-book money. They are as much "orders" as the sailors paper orders were when he had lost his gold block and issued more "orders" than was the value of his gold. The serious fact about this cheque book money is that every banker throughout Can-

ada is free under the present system, to create it to the extent of ten times the value of the coins or money bills in his possession.

Is it not strange that there are people who insist that governments, only, shall create pocket-money, while so many private institutions are allowed to create the other kind of money?

So much having been said, it will be clearly seen, that we have two main kinds of money. Reasonably clear, too, should be the difference between pocket-book money and cheque-book money. Now let us look again at those figures. We noticed that in 1834 the people of the United States used per capita \$5.24 of pocket-money and \$7.11 of cheque-book money; nearly the same amount of each. But by 1880 a remarkable change has commenced to take place. People were using only about one third more of pocket-book money while they are using almost five times as much cheque-book money as they were using only twenty years before. A similarly relative gain was made by cheque-book money over pocket-book money through each of the next periods. By 1930, \$485.57 of cheque-book money were being used per capita as against \$29.76 of pocket-book money; over sixteen times as much. Summing up we might say that the money the people are really using is the money the bankers make and this has become such a habit that it is estimated that between 95 to 97 percent of all the business done by the

Anglo-Saxon is done by cheque, or watered money as it is often called.

Who should really control the money of any community? Through the centuries we have called our money "The King's Money" and have held it to be a foregone conclusion that the King's Mint should coin it—all of it. After our brief survey we can see why the money creating function has been so carefully guarded. We call our coin the "coin of realm," and feel, as we do, so, that it is really our money, our government's money. According to tradition, to instinct, and to common sense a community's money including its credit, its currency and everything else used as its money should be controlled directly and effectively by the community.

How could the sailor possibly know how many orders to issue, if there arose on the island a bank that, when it chose, could take as many of his orders as it saw fit to obtain and issue ten more cheque-book orders against each? How could he possibly guard against inflation?

Or, on the other hand, suppose, that the bank on the island had issued in loans, as our banks do, ten times as many orders as the sailor had issued and which were owned by the banks. At this given moment there would be in existence ten times the 10,000 dollars worth of orders, which the sailor had issued for \$100,000. Let us suppose, that the goods and services produced on the island and the exchanges made

had risen to such a degree, that they were able to use all the \$100,000 that had been issued by both the banks and the sailor together, the \$10,000 of the sailor's pocket-book money and \$90,000 of the bank's cheque-book money. Should the bank then go into a panic such as that which gripped our banking system in 1929? What would happen and what could the sailor do? The bank would call in it's loans and destroy it's cheque-book money the same as our banks have done, and this would leave the island with too little money in circulation. This would cause a disastrous fall in the price structure, which in turn would cause stagnation of the streams of commerce and industry, which again would inflict unemployment and the whole vicious circle of miseries that have cursed us six long years. A depression would be on.

Suppose, now, that the island has lost through the banker's panic \$30,000 of its money. That \$30,000 ought to be replaced. The banker will not replace it, cannot replace it, perhaps, because he issues money only as loans, and so cannot issue it unless he has acceptable borrowers. Then what? Shall the sailor write \$30,000 more of orders and distribute them? If he does and thereby causes recovery, what would happen? The banker would re-create that \$30,000 that his panic destroyed. This would give the island (1) the \$70,000 it had during its depression, (2) the \$30,000 of new "orders" (pocket-book money) which the sailor issues to revive

the island, and (3) the \$30,000 cheque-book money which the banker has re-issued; that is, the island will have \$130,000 in circulation. This may well be too much. This would then initiate a boom, an inflation.

But this is not all. There are now in existence \$30,000 of new "orders" issued by the sailor. The banker can manage to get into his possession, let us say, \$20,000 of these new "orders." Then if it suits his purpose, he can create his cheque-money to the extent of ten times that sum and literally flood the island with another \$200,000. "But, some may urge, it was said that banker's create money only through loans." Yes, but a boom is on, and borrowers will be plentiful, speculators will be active. If the banker lends his money to speculators then the economic life of the island will be rushing to plunge over another 1929 cataract.

Realizing these possibilities, the sailor and his advisors are utterly at a loss to know what to do. The banker and his friends, the more financially fortunate ones, will read over past history of other communities and find cases of inflation. The financial men for various more or less obvious reasons do not wish good times to return, at least do not wish money to become plentiful. They would point to a case such as that which we have just been considering and would exclaim: "See, what will happen when the sailor issues \$30,000 more of "orders." He will cause an inflation right

away. It will never do to let a sailor (and here a sailor means any government) issue money. He will not have sufficient judgement nor self-control to use discretion in the issue of money. No the banker must do that."

Strangely enough many governments in the world today are in the same position as the sailor was. A number of the members of governments do not know that it is our monetary system that is the cause of our present trouble, but some do know it and financial interests are striving to undermine the position of those and are using every means to gain their end.

If the sailor in the above mentioned situation created the additional \$30,000 of "orders" and the banker also began creating more money, who would be to blame for the inflation that would come? Would the sailor who only issued \$30,000 to revive business or would the banker who issued \$30,000 to make a profit on it and who may even issue an additional \$200,000 only for selfish reasons? Most important of it all is, whom shall the community prevent from issuing new money if it wants to be safeguarded against inflation? Shall it be the sailor (the government) or shall it be the private banker. It will be obvious against whom the community must safeguard itself.

When we read some skillfully concocted article against "tinkering with our money" let us ask which money the writer means; the cheque-book money or the pocket-

book money. The answer to this question may clarify the thoughts and also it may bring understanding of the question of who it is that tinkers with the money and why such tinkering is done.

If the banks can create cheque-book money as freely as they do, why cannot a government do the same. It does not cost the bank any interest to create this additional money, so why should a government pay interest. The sailor made and issued his orders or money directly and they did not cost him anything. It might be said that when he issued a five dollar order, he owed five dollars worth of gold. At the beginning he did, but after the gold was lost he did not. Let us see what he has to pay the holder of one of his orders. Let us say that one of the natives receives a five dollar order and brings it to the sailor to be redeemed. The sailor will do as the banks are doing it in Canada today, give the native another five dollar order, but suppose that the native is not satisfied with such an order, then the sailor can only do one thing. Ask the native what it is he wants to have. Should the native wish to receive gold to buy a piece of land with, then the sailor only needs to go out and buy the piece of land the native wants and turn it over to the native. The native's order is so redeemed and can be redeemed as often as it returns. The only thing that would prevent the redemption of the order would be the lack of goods or services on the island. When the banker on the is-

land issued \$90,000 more of money than the sailor had issued and all this money was absorbed in the trade on the island, then it seems that the sailor (the government) could as well have issued that amount of money without interest to anyone; instead of, as was the case, letting the banker do it. The banker's money did not create inflation so there should be no reason why the sailor's money would do so. Of course the banker, had he been there, could have created an inflation by issuing a flood of cheque-book money, but had he been restrained or prohibited from issuing money, then there would be no danger of inflation. The bankers must be restrained. The governments must issue cheque-book money the same as they now are issuing pocket-book money.

In this article we hope to have proved that it is reasonable to have money backed by goods and services and that we must distinguish between the two existing kinds of money, pocket-book money and cheque-book money; the first created by governments and being about one sixteenth of the money circulating in the United States in 1930 and the second being created by private banks on a heavy interest and by far the greatest purchasing medium circulating among the people. We have found that inflation is caused by circulating more money than can be used for goods and services and that banks are the ones that cause inflation in that they are allowed to issue ten times the amount of credit in the form of cheque-book money than they have of government-created money.

Jno. H. Blackmore.

To Social Credit Friends and Readers of The Commentator.

This is the season of the year when we hear the oft repeated wish: "A HAPPY NEW YEAR." The people of Alberta have banded together to make this wish a reality, and add to it, A HAPPY NEW ERA. Necessity prompts the action; human need furnishes the motive; and united effort, properly directed, must lead to Victory.

A. E. Fee

Killam

Here is wishing the Social Creditors of Alberta a Happy New Year. Looking backward and remembering the war and the cause of war, I feel rather despondent, but through Social Credit, I am firmly convinced we are on the eve of the dawn of a New Day, a happier New Year. May Alberta lead the way.

H. J. Ash.
Olds

* * *

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G. G. McGEER, K.C., Mayor of The City of Vancouver

Under date of October 15th, 1934, Premier Hepburn of the Province of Ontario sent G. G. McGeer a letter, which reads in part as follows,—

"As you undoubtedly know, I am quite in agreement with your policy as regards governmental finance. The present depression is due, in no small measure, to the delay in putting into effect the necessary policy of monetary reform. Until we take the action suggested by you, we are simply burying our heads in the sand and refusing to face very obvious facts."

Under date of September 15th, the Rev. Hewlett Johnston, Dean of Canterbury, England, in part also wrote McGeer as follows,—

"You are proving indeed a tower of strength in the crusade against an engineered poverty and against the essentially godless rule of finance."

On page 99, November 7th, 1935, issue of G. K. Weekly, Edited by G. K. Chesterton of London, England, the following passage occurs,—

"His Worship Gerald G. McGeer became famous recently as the Mayor of Vancouver who intimated to the London money lenders that he would not pay the interest on Vancouver's Bonds with the blood of the women and children of Vancouver. Hence one of the financial crisis which weakened the credit of the Dominion—as a matter of justice, that defiance should have strengthened Canada's Credit."

Rex Beach, after visiting Vancouver last autumn, wrote Leo Dolan of Ottawa.

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MESSENGER'S SPINE INDEX TO HEALTH

The conscientious Chiropractor of today makes a thorough Chiropractic examination of every patient. By so doing, we endeavor to eliminate from our practice all cases which rightfully belong to the Physician or Surgeon. By this way, and this way only, can we justly take our place with the GREAT HEALING PROFESSIONS OF THE WORLD.

Headaches, Deafness, Eye Troubles, Head Noises, Loss of Memory, Speech or Appetite. Nervousness, Catarrh, Neuralgia, Neuritis, Hay Fever, Sleeplessness, Epilepsy. Bronchitis, Writers' Cramp, Wry Neck, Pains or Numbness in Hands, Arms or Shoulders. Heart Trouble, Pleurisy, Difficult Breathing, Asthma, Dizziness, After-effects of the 'Flu. Liver Troubles, Sick Headaches, Fevers, Vomiting, Grippe, Jaundice, Heartburn, Paralysis. Stomach and Throat Troubles—various forms; Goitre, Hiccoughs, Tonsilitis, "Weak" Back. Anaemia, Loss of Weight or Ambition, Intestinal Disorders, Back and Side Aches, Diabetes. Rheumatism, Boils, Eczema, Abscesses, Dropsy, Eruptions, Kidney Trouble. Appendicitis, Constipation, Rectal, Bladder Troubles, Frequent Urination, Hemorrhoids. Sciatica, Diarrhoea, Peritonitis, Pain, Swelling or Numbness of Thighs, Legs or Feet.

